Dollarama Inc.

Consolidated Financial Statements

January 28, 2024 and January 29, 2023

(Expressed in thousands of Canadian dollars,
unless otherwise noted)

Independent auditor's report

To the Shareholders of Dollarama Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dollarama Inc. and its subsidiaries (together, the Corporation) as at January 28, 2024 and January 29, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at January 28, 2024 and January 29, 2023;
- the consolidated statements of changes in shareholders' equity (deficit) for the years then ended;
- the consolidated statements of net earnings and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended January 28, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of inventories *Refer to note 3 – Material accounting policy information and note 5 – Critical accounting estimates and judgments to the consolidated financial statements.* As at January 28, 2024, the Corporation held inventories of $916.8 million. The Corporation's inventories at the distribution centre, warehouses and stores consist of merchandise purchased and held for resale and are valued at the lower of cost and net realizable value. Cost is determined at the distribution centre and warehouses on a weighted average cost basis and is then assigned to store inventories using the retail inventory method. The Corporation estimates its inventory provisions based on the consideration of a variety of factors, including inventory shrinkage. We considered this a key audit matter due to the magnitude of the inventory balance, the high number of locations where inventories were held at and the judgment applied by management in determining the appropriate inventory provisions, such as shrinkage.	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of relevant controls relating to the inventory process, including controls around inventory balances at year-end, existence of inventory and the mathematical accuracy of the weighted average cost method and the retail inventory method. • For a sample of inventory items, valued using the weighted average cost method, traced the underlying data to recent purchase invoices. • For a sample of retail inventory items, traced the actual selling price in store to underlying data used in the retail inventory method calculation. • For a sample of stores, observed the inventory count process and performed independent test counts during the year. • For the distribution centre, observed the inventory count process and performed an independent test count at year-end. • Performed analytical procedures on inventory balances at year-end. • Tested how management developed the inventory shrinkage provision: – Evaluated the appropriateness of the Corporation's inventory shrinkage provision method.

Key audit matter	How our audit addressed the key audit matter
	– Tested the underlying data used in the inventory shrinkage provision. – Evaluated the reasonableness of significant assumptions used by management related to the inventory shrinkage provision by: o assessing the percentage of shrinkage applied to inventory balances by comparing to actual results from the counts performed during the year and historical percentage of shrinkage; and o recalculating the mathematical accuracy of the inventory shrinkage provision. • Tested that inventories at year-end were recorded at the lower of cost and net realizable value by testing a sample of inventory items to the most recent retail prices.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nochane Rousseau.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 4, 2024

[1] FCPA auditor, public accountancy permit No. A122718

Dollarama Inc.

Consolidated Statements of Financial Position as at
(Expressed in thousands of Canadian dollars)

	Note	January 28, 2024 $	January 29, 2023 $
Assets			
Current assets			
Cash and cash equivalents		313,915	101,261
Accounts receivable		32,474	56,290
Distributions receivable from equity-accounted investment	17	26,906	-
Prepaid expenses		13,668	23,462
Inventories		916,812	957,172
Derivative financial instruments	15	5,318	18,762
		1,309,093	1,156,947
Non-current assets			
Right-of-use assets	6	1,788,550	1,699,755
Property, plant and equipment	7	950,994	802,750
Intangible assets	8	167,835	164,654
Goodwill	8	727,782	727,782
Equity-accounted investment	9	319,353	267,768
Total assets		5,263,607	4,819,656
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	334,357	336,862
Dividend payable	12	19,827	15,828
Derivative financial instruments	15	3,681	8,490
Income taxes payable		63,998	72,572
Current portion of long-term debt	11	21,460	510,315
Current portion of lease liabilities	6	234,523	218,807
		677,846	1,162,874
Non-current liabilities			
Non-current portion of long-term debt	11	2,242,934	1,741,588
Non-current portion of lease liabilities	6	1,834,706	1,741,936
Deferred income taxes	14	127,273	144,848
Total liabilities		4,882,759	4,791,246
Shareholders' equity			
Share capital	12	523,125	488,074
Contributed surplus	13	49,539	42,678
Deficit	12	(226,547)	(514,078)
Accumulated other comprehensive income	12	34,731	11,736
Total shareholders' equity		380,848	28,410
Total liabilities and shareholders' equity		5,263,607	4,819,656

Approved by the Board of Directors

(signed) "Stephen Gunn"
Stephen Gunn, Director

(signed) "Huw Thomas"
Huw Thomas, Director

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

Dollarama Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficit) for the years ended
(Expressed in thousands of Canadian dollars, except share amounts)

	Note	Number of common shares	Share capital $	Contributed surplus $	Deficit $	Accumulated other comprehensive income (loss) $	Total $
Balance – January 29, 2023	12	284,505,648	488,074	42,678	(514,078)	11,736	28,410
Net earnings		-	-	-	1,010,460	-	1,010,460
Other comprehensive income		-	-	-	-	44,882	44,882
Total comprehensive income		-	-	-	1,010,460	44,882	1,055,342
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(21,887)	(21,887)
Dividends declared	12	-	-	-	(80,130)	-	(80,130)
Repurchase and cancellation of common shares	12	(7,125,730)	(13,070)	-	(642,799)	-	(655,869)
Share-based compensation	13, 14	-	-	15,714	-	-	15,714
Issuance of common shares	12	1,380,655	39,268	-	-	-	39,268
Reclassification for the exercise of share options	12	-	8,853	(8,853)	-	-	-
Balance – January 28, 2024	12	278,760,573	523,125	49,539	(226,547)	34,731	380,848
Balance – January 30, 2022	12	292,813,569	479,446	32,924	(578,079)	(325)	(66,034)
Net earnings		-	-	-	801,863	-	801,863
Other comprehensive income		-	-	-	-	38,914	38,914
Total comprehensive income		-	-	-	801,863	38,914	840,777
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(26,853)	(26,853)
Dividends declared	12	-	-	-	(63,913)	-	(63,913)
Repurchase and cancellation of common shares	12	(8,916,071)	(15,047)	-	(673,949)	-	(688,996)
Share-based compensation	13	-	-	14,187	-	-	14,187
Issuance of common shares	12	608,150	19,242	-	-	-	19,242
Reclassification for the exercise of share options	12	-	4,433	(4,433)	-	-	-
Balance – January 29, 2023	12	284,505,648	488,074	42,678	(514,078)	11,736	28,410

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

Dollarama Inc.

Consolidated Statements of Net Earnings and Comprehensive Income for the years ended
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	January 28, 2024	January 29, 2023
		$	$
Sales		5,867,348	5,052,741
Cost of sales	18	3,253,907	2,854,535
Gross profit		2,613,441	2,198,206
General, administrative and store operating expenses		844,871	720,312
Depreciation and amortization	18	348,142	331,792
Share of net earnings of equity-accounted investment	9	(75,293)	(45,399)
Operating income		1,495,721	1,191,501
Net financing costs	18	144,842	115,394
Earnings before income taxes		1,350,879	1,076,107
Income taxes	14	340,419	274,244
Net earnings		1,010,460	801,863
Other comprehensive income			
Items that may be reclassified subsequently to net earnings			
Realized gains on financial instruments not subject to basis adjustments	11	13,841	9,245
Reclassification of amortization of net gains on financial instruments not subject to basis adjustments	11	(3,237)	(1,019)
Foreign currency translation adjustments		4,004	10,813
Share of other comprehensive income (loss) of equity-accounted investment	9	23,249	(6,031)
Income tax expense relating to these items		(2,807)	(2,176)
Items that will not be reclassified subsequently to net earnings			
Unrealized gains on derivative financial instruments subject to basis adjustments		12,984	38,016
Income tax expense relating to these items		(3,152)	(9,934)
Total other comprehensive income, net of income taxes		44,882	38,914
Total comprehensive income		1,055,342	840,777
Earnings per common share			
Basic net earnings per common share	16	$3.57	$2.77
Diluted net earnings per common share	16	$3.56	$2.76
Weighted average number of common shares outstanding (thousands)	16	283,074	289,412
Weighted average number of diluted common shares outstanding (thousands)	16	284,168	291,005

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

Dollarama Inc.

Consolidated Statements of Cash Flows for the years ended
(Expressed in thousands of Canadian dollars)

	Note	January 28, 2024	January 29, 2023
		$	$
Operating activities			
Net earnings		1,010,460	801,863
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	18	365,445	331,792
Share-based compensation	13	13,102	14,187
Net financing costs	18	144,842	115,394
Deferred income taxes	14	(10,237)	(7,488)
Share of net earnings of equity-accounted investment	9	(75,293)	(45,399)
Interest received		27,580	9,218
Other		2,511	694
		1,478,410	1,220,261
Changes in non-cash working capital components	19	52,544	(351,218)
Net cash generated from operating activities		1,530,954	869,043
Investing activities			
Distributions from equity-accounted investment	9,17	26,960	-
Additions to property, plant and equipment	7	(252,673)	(134,049)
Additions to intangible assets	8	(26,091)	(22,778)
Proceeds from disposal of property, plant and equipment		938	278
Net cash used in investing activities		(250,866)	(156,549)
Financing activities			
Proceeds from long-term debt issued	11	500,000	700,000
Repayment of long-term debt	11	(500,000)	(250,000)
Repayment of short-term borrowings	11	-	(88,385)
Interest paid on long-term debt and short-term borrowings	11	(100,811)	(64,180)
Payment of debt issue costs	11	(2,896)	(3,847)
Proceeds on bond forward settlement	11	13,841	10,416
Net payment of lease liabilities	6	(284,836)	(253,566)
Issuance of common shares	13	39,268	19,242
Dividends paid	12	(76,131)	(62,975)
Repurchase and cancellation of common shares	12	(655,869)	(688,996)
Net cash used in financing activities		(1,067,434)	(682,291)
Change in cash and cash equivalents		212,654	30,203
Cash and cash equivalents – beginning of year		101,261	71,058
Cash and cash equivalents – end of year		313,915	101,261
Supplemental information:			
Interest paid on lease liabilities		66,587	52,307

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

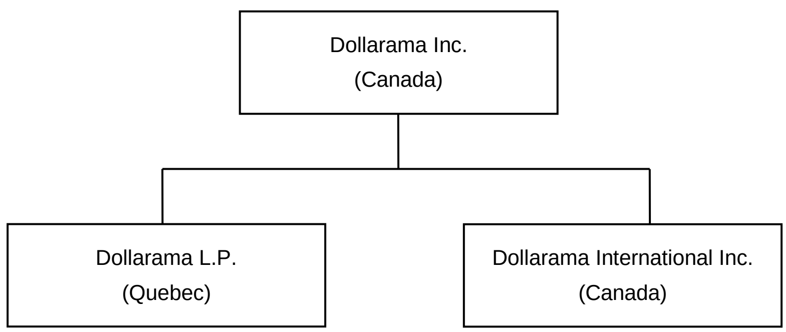
1 General information

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 January 28, 2024, the Corporation maintains retail operations in every Canadian province as well as in the Yukon and Northwest Territories.

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

The Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks. However, as is traditional with the retail calendar, every five or six years, a week is added to the fiscal year. The fiscal years ended January 28, 2024 and January 29, 2023 were comprised of 52 weeks.

As at January 28, 2024, 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 Central American Retail Sourcing, Inc. ("CARS"), the parent company of the Dollarcity group ("Dollarcity"). Dollarcity is a value retailer headquartered in Panama which 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 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 as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, which are measured at fair value. The accounting policies of the Corporation have been applied consistently to all fiscal years in these consolidated financial statements.

These consolidated financial statements were approved by the board of directors of the Corporation (the "Board of Directors") for issue on April 4, 2024.

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 periods ended January 28, 2024 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Material accounting policy information

Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities over which the Corporation has control. The Corporation determines control based on its ability to exercise power that significantly affects the entities' relevant day-to-day activities. Control is also determined by the Corporation's exposure to the variability in returns on investment in the entity, whether favorable or unfavorable. Furthermore, control is defined by the Corporation's ability to direct the decisions made by the entity which ultimately impact return on investment. The existence and effect of substantive voting rights are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is determined and they are deconsolidated from the date on which control is deemed to have ceased.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Corporation. All entities considered as subsidiaries of the Corporation for accounting purposes are wholly-owned subsidiaries.

3 Material accounting policy information (cont'd)

Investment in a joint arrangement

A joint arrangement is an arrangement in which two or more parties have joint control over an entity. The classification as a joint arrangement requires the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors, strategic and operational decisions requiring the approval of all stockholders and various other factors.

A joint arrangement is classified as either a joint operation or joint venture depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Corporation classifies its arrangement with Dollarcity as a joint venture accounted for using the equity method since, under the terms of the stockholders agreement (the "Stockholders Agreement") entered into in August 2019 among Dollarama International and Dollarcity's founding stockholders, who retained a 49.9% interest in CARS, certain specified strategic and operational decisions are subject to the approval of all stockholders. These include, but are not limited to, decisions related to capital structure, nature of the business, merger and acquisition activities, declaration and payment of dividends, executive officer appointments and remuneration, approval of annual budget and business plan, and any entry into a new country.

Under the equity method, the investment is initially recorded at the amount of consideration paid and adjusted thereafter to recognise the Corporation's share of the post-acquisition net earnings and other comprehensive income of the investee in the consolidated statements of net earnings and comprehensive income.

Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Foreign currency translation

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Corporation operates. The consolidated financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in net earnings, except where hedge accounting is applied as described below under "Derivative financial instruments".

3 Material accounting policy information (cont'd)

The assets and liabilities of foreign operations that have a functional currency different from that of the Corporation are translated into the Canadian dollar presentation currency at the exchange rate in effect at the reporting date. Revenues and expenses of foreign operations are translated into Canadian dollars at the average rates during the period. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. On the disposal of a foreign operation, the component of accumulated other comprehensive income ("AOCI") related to the foreign currency translation is reclassified to net earnings.

Segment information

The Corporation has only one reportable segment, which is consistent with the internal reporting provided to the chief operating decision-maker.

Financial assets

On initial recognition, the Corporation determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through other comprehensive income (FVOCI) or through profit or loss (FVTPL)

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Contracts with embedded derivatives where the host is a financial asset will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

1. Held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at amortized cost are initially measured at fair value adjusted for directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of net earnings and comprehensive income.

Financial assets at fair value through profit or loss (FVTPL) are initially and subsequently recognized at fair value, with changes recorded in the consolidated statement of net earnings and comprehensive income in the period they arise. Transaction costs are expensed in net earnings.

The table below summarizes the classification and measurement of the Corporation's financial assets.

	IFRS 9 Classification
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Distributions receivable from equity-accounted investment	Amortized cost
Derivative financial instruments	FVTPL

3 Material accounting policy information (cont'd)

The Corporation estimates the expected credit losses associated with financial assets accounted for at amortized cost. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For accounts receivables, the Corporation measures loss allowances at an amount equal to lifetime expected credit loss (ECL).

Financial liabilities

Financial liabilities comprise accounts payable and accrued liabilities, dividend payable, derivative financial instruments, long-term debt and lease obligations.

Long-term debt is recognized initially at fair value, net of recognized transaction costs, and is subsequently measured at amortized cost, being the carrying value. Any difference between the carrying value and the redemption value is recognized in the consolidated statement of net earnings and comprehensive income using the effective interest rate method.

Fees paid on the establishment of revolving credit facilities are capitalized and amortized over the term of the facility to which they relate; whereas fees paid upon the issuance of notes reduce their carrying value.

Financial liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the financial liabilities for at least 12 months after the statement of financial position date.

Derivative financial instruments

The Corporation uses derivative financial instruments in the management of its foreign currency and interest rate exposure. Derivative financial instruments designated as hedging instruments are recorded at fair value, determined using market prices and other observable inputs.

When hedge accounting is applied, the Corporation documents at inception the relationships between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period, or non-current assets or liabilities if their maturity exceeds 12 months.

The Corporation applies the hedge accounting requirements of IFRS 9, "Financial Instruments" to all existing qualifying hedge relationships.

3 Material accounting policy information (cont'd)

Cash flow hedges

The Corporation uses foreign exchange forward contracts to mitigate the risk associated with fluctuations in the U.S. dollar against the Canadian dollar. These derivative financial instruments are used for risk management purposes and are designated as hedges of future forecasted purchases of merchandise or hedges of U.S. dollar borrowings converted into Canadian dollar borrowings under the US commercial paper program. Foreign exchange forward contracts are designated as hedging instruments and are recorded at fair value, determined using market prices and other observable inputs.

For the cash flow hedges of future forecasted purchases of merchandise, the effectiveness portion of the changes in the fair value is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in earnings. The accumulated realized gains or losses as a result of cash flow hedges on foreign exchange contracts are reclassified from shareholders' equity to the carrying value of inventory (known as a basis adjustment). These accumulated gains and losses recorded in inventory are then subsequently reclassified to the consolidated statement of net earnings and comprehensive income in the same period during which the inventory is sold and recognized as a cost of sales.

For the cash flow hedges of U.S. dollar borrowings under the US commercial paper program, the fluctuations in fair value of the hedged item and hedging instrument are recognized in net earnings and the forward points variations are recorded in other comprehensive income at every reporting period.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in shareholders' equity at that time remains in shareholders' equity and is recognized as part of the carrying value of the hedged transaction when the forecasted non-financial item is recognized.

For cash flow hedges associated with interest rate risk such as a bond forward sale, the derivative is recorded on the consolidated statement of financial position at fair value. The effective portion of changes in the fair value of the derivative is recorded to other comprehensive income and reclassified to earnings over the same period as the hedged interest payments are recorded in earnings.

Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in shareholders' equity.

Fair value hedges

The Corporation mainly uses interest rate swaps to hedge changes in the fair value of the issued Fixed Rate Notes (as defined herein). The changes in the fair value of the derivatives are recorded in net earnings as financing costs together with the changes in the fair value of the hedged items attributable to the hedged risk. Any fair value hedge ineffectiveness is recognized in net earnings immediately.

Hedge accounting is discontinued if a derivative instrument is sold, terminated or otherwise de-designated. If fair value hedge accounting is discontinued, the previously hedged item is no longer adjusted for changes in fair value through the consolidated statement of net earnings and comprehensive income and the cumulative net gain or loss on the hedged asset or liability at the time of de-designation is amortized to net financing costs over the expected remaining life of the hedged item.

3 Material accounting policy information (cont'd)

Derivatives where hedge accounting is not applied

Derivative financial instruments which are not designated as hedges or have ceased to be effective prior to maturity are recorded at their fair values under assets or liabilities, with changes in their fair values recorded in net earnings.

Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Store and warehouse equipment	7 to 15 years
Vehicles	5 years
Building and roof	15 to 50 years
Leasehold improvements	Shorter of useful life or lease term
Computer equipment	5 years

The Corporation recognizes in the carrying amount of property, plant and equipment the full purchase price of assets acquired or constructed as well as the costs incurred that are directly incremental as a result of the construction of a specific asset, when they relate to bringing the asset into working condition.

The Corporation also capitalizes the cost of replacing parts of an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset is ceased. Depreciation is resumed when the expected residual value falls below the asset's carrying value. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized directly in the consolidated statement of net earnings and comprehensive income.

3 Material accounting policy information (cont'd)

Goodwill and intangible assets

The Corporation classifies intangible assets into three categories: (1) intangible assets with finite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill.

Intangible assets with finite lives subject to amortization

The Corporation determines the useful lives of identifiable intangible assets based on the specific facts and circumstances related to each intangible asset. Finite life intangible assets which consist of computer software are carried at cost and depreciated on a straight-line basis over an estimated useful life of 5 years.

The Corporation recognizes in the carrying amount of intangible assets with finite lives subject to amortization the full purchase price of the intangible assets developed or acquired as well as other costs incurred that are directly incremental as a result of the development of a specific intangible asset, when they relate to bringing the asset into working condition.

Intangible assets with indefinite lives not subject to amortization and goodwill

Dollarama's trade name and goodwill were accounted for upon the acquisition, in November 2004, of 80% of the common equity of the Corporation's predecessor.

The trade name is the Corporation's only intangible asset with an indefinite life not subject to amortization. The trade name is recorded at cost.

Goodwill represents the excess of the consideration transferred over the share of the net identifiable assets acquired of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Impairment of non-financial assets

As at the statement of financial position date, or more frequently if events or circumstances indicate that it may be impaired, the Corporation reviews non-financial assets, other than inventories, for indicators of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the asset is tested for impairment. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

For the purposes of the impairment testing, assets are allocated to the smallest group of assets that generate cash inflows that are largely independent of cash inflows of other assets or groups of assets (cash generating unit – "CGU"). The Corporation has determined that each retail location is a separate CGU for purposes of impairment testing. The trade name and goodwill are allocated to one group of CGUs solely which represents the lowest level within the Corporation at which trade name and goodwill are monitored for internal management purposes. Corporate assets, such as the Corporation's head office, distribution centre and warehouses, do not individually generate separate cash inflows and are tested for impairment at the minimum grouping of CGUs to which the corporate assets can be reasonably and consistently allocated.

3 Material accounting policy information (cont'd)

To test for impairment, the asset or CGU's carrying amount is compared to its recoverable amount, which represents the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. The fair value is the price that could be received for an asset or CGU in an orderly transaction between market participants at the measurement date, less costs of disposal. To the extent that the asset or CGU's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of net earnings and comprehensive income. The asset or CGUs' impairment losses are first allocated to goodwill, if applicable, then pro rata to the asset or assets of the CGU, without reducing the carrying amount of the assets below the highest of their fair value less costs of disposal, their value in use or zero.

Cash and cash equivalents

Cash and cash equivalents can include highly liquid investments with original maturities from the date of purchase of three months or less. The payments due from financial institutions for the settlement of credit card and debit card transactions are processed within one business day, and are therefore classified as cash.

Inventories

The Corporation's inventories at the distribution centre, warehouses and stores consist of merchandise purchased and held for resale and are valued at the lower of cost and net realizable value.

Cost is determined at the distribution centre and warehouses on a weighted average cost basis and is then assigned to store inventories using the retail inventory method. Costs of inventories include amounts paid to suppliers, duties and freight into the warehouses as well as costs directly associated with warehousing and distribution to stores and receiving at stores.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods acquired from suppliers or for services rendered by employees and service providers in the ordinary course of business. Accounts payable and accrued liabilities are classified as current liabilities if payment is due or expected within one year or less. Otherwise, they are presented as non-current liabilities.

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost.

3 Material accounting policy information (cont'd)

Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

If the effect of time value of money is material, provisions are measured at the present value of cash flows expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as accretion expense under net financing costs in the consolidated statement of net earnings and comprehensive income.

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issuance of shares or options are shown in shareholders' equity as a deduction, net of tax, from the proceeds of issuance.

When the Corporation repurchases common shares under its normal course issuer bid, the portion of the price paid for the common shares that corresponds to the book value of those shares is recognized as a reduction of share capital. The portion of the price paid that is in excess of the book value is recognized as a reduction of retained earnings. As a direct result of the fact that the price paid for each common share exceeds its book value, the Corporation's shareholders' equity could be in a deficit position.

Dividends declared

Dividend distributions to the Corporation's shareholders are recognized as a liability in the Corporation's consolidated financial statements in the period in which the dividends are declared by the Board of Directors.

Short-term employee benefits

Liabilities for bonus plans are recognized based on a formula that takes into consideration individual performance and contributions to the profitability of the Corporation.

Income taxes

The income tax expense for the year comprises current and deferred tax. Tax is recognized in net earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in shareholders' equity. In this case, tax is recognized in other comprehensive income or directly in shareholders' equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

3 Material accounting policy information (cont'd)

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from initial recognition of goodwill or if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Revenue recognition

Under IFRS 15, "Revenue from Contracts with Customers", revenue is recognized when control of a good or service is transferred to a customer. A five-step recognition model is used to apply the standard as follows: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. The vast majority of the Corporation's revenue comes from the sale of products that are recognized at a point in time. Sales of products in the consolidated statement of net earnings and comprehensive income are recognized by the Corporation when control of the goods has been transferred, being when the customer tenders payment and takes possession of the merchandise and that all obligations have been fulfilled. Revenue is recognized for goods shipped when the goods leave the port; and revenue is recognized for services when services have been rendered, which can occur discretely or over time.

The recognition of revenue at the store occurs at the time a customer tenders payment for and takes possession of the merchandise. Gift cards sold are recorded as a liability, and revenue is recognized when gift cards are redeemed. Online sales are recognized when control of goods has passed to the customer.

All sales are final. Revenue is shown net of sales tax and discounts.

Gross versus net

The Corporation may enter into arrangements for the sale of products to customers. When the Corporation acts as the principal in these arrangements, it recognizes revenue based on the amounts billed to customers. Otherwise, the Corporation recognizes the net amount that it retains as revenue.

3 Material accounting policy information (cont'd)

Cost of sales

Cost of sales includes the cost of inventories purchased, transportation costs, warehousing and distribution costs, receiving costs at the store, store, warehouse and distribution centre occupancy costs, as well as the effective portion of change in fair value on qualifying cash flow hedges related to the purchase of inventories.

Vendor rebates

The Corporation records vendor rebates, consisting of volume purchase rebates, when it is probable that they will be received and the amounts are reasonably estimable. The rebates are recorded as a reduction of inventory purchases or, if the related inventory has been sold, as a reduction of cost of sales in the consolidated statement of net earnings and comprehensive income.

General, administrative and store operating expenses

The Corporation includes store and head office salaries and benefits, repairs and maintenance, professional fees, store supplies and other related expenses in general, administrative and store operating expenses.

Earnings per common share

Earnings per common share is determined using the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share is determined using the treasury share method to evaluate the dilutive effect of share options. Under this method, instruments with a dilutive effect are considered to have been exercised at the beginning of the fiscal year, or at the time of issuance, if later, and the proceeds received are considered to have been used to redeem common shares at the average market price during the fiscal year.

Share-based compensation

The Corporation's long-term incentive plan ("LTIP") is comprised of option and performance share units ("PSUs"), which are awarded annually. Awards under the LTIP are allocated so that at all times PSUs represent a minimum of 50% of the target dollar value of the LTIP award with the balance allocated to share options.

The Corporation also grants deferred share units ("DSUs") to non-executive directors under its DSU plan.

Share options

The Corporation established a management option plan whereby its officers and employees may be granted options to purchase an equivalent number of common shares of the Corporation. Share options under the plan are granted with service requirements (or service conditions) which vest in tranches over a five-year period at a rate of 20% annually on the anniversary of the grant date and have a life not exceeding 10 years. The Corporation recognizes a compensation expense for share options granted based on the fair value of those options at the grant date, using the Black-Scholes option pricing model. The compensation expense is recognized over the vesting term of each tranche (graded vesting).

3 Material accounting policy information (cont'd)

At the end of each reporting period, the Corporation revises its estimates of the number of options that are expected to vest and recognizes the impact of the revision to original estimates, if any, in the consolidated statement of net earnings and comprehensive income, with a corresponding adjustment to contributed surplus.

When option holders exercise their options, the cash paid for the shares issued is credited, together with the related compensation costs, to share capital (nominal value).

Performance share units

PSU grants are equity-settled transactions whereby the compensation expense is measured based on the fair value at the grant date and recognized over the related performance period of three years with a corresponding increase in contributed surplus. PSUs vest all at once following the end of the 3-year period, contingent upon the level of achievement of performance objectives established at the time of grant by the Board of Directors. Payouts vary from 0% to 200% depending on the performance at the end of the three-year performance period.

Deferred share units

A DSU is a notional unit, equivalent in value to the Corporation's shares. Under the DSU program, non-executive directors receive an annual equity retainer consisting of DSUs on the first day of each fiscal year. DSUs comprising the annual equity retainer vest on the first anniversary of the date of grant, together with additional DSUs credited as dividend equivalents in respect of such annual DSUs. In addition to the annual equity retainer, non-executive directors may elect to receive all or a portion of their cash retainer, which is paid quarterly, in the form of DSUs. DSUs credited to a director's notional account as a result of the election by such director to receive all or a portion of their cash compensation in the form of DSUs vest immediately.

DSUs are settled upon a director's resignation, either as a lump-sum cash payout or in common shares to be acquired on the open market by the Corporation, at the Corporation's sole discretion. The Corporation accounts for the DSU program as a cash settled award, whereby the liability is adjusted periodically to reflect any variation in the market value of the Corporation's shares.

The Corporation also enters into equity derivative transactions to hedge a portion of the price risk on the DSU plan and does not apply hedge accounting.

3 Material accounting policy information (cont'd)

Leases

Under IFRS 16, "Leases", the Corporation assesses whether a contract is or contains a lease, at the inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and some leases of low-value assets. For these leases, the Corporation recognizes the lease payments as occupancy costs on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the contract's implicit interest rate, if that rate can be readily determined, or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using the same discount rate used in initially setting up the liability (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

The right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability nor the right-of-use assets. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Cost of sales" or "General, administrative and store operating expenses" in the consolidated statement of net earnings.

3 Material accounting policy information (cont'd)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and to instead account for any lease and associated non-lease components as a single arrangement. The Corporation has elected to use the practical expedient, and treats the different components identified in a lease as a single lease component.

4 New accounting standards

A number of new standards and amendments to standards and interpretations were effective during the current fiscal year or after. None of these new standards or amendments have or are expected to have a material impact on the consolidated financial statements of the Corporation.

5 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.

The following discusses the most significant accounting judgments and estimates that the Corporation made in the preparation of the consolidated financial statements.

Valuation of inventories

Estimate - Store inventories are valued at the lower of cost and net realizable value, with cost being determined by the retail inventory method. Under the retail inventory method, inventories are converted to a cost basis by applying an average cost-to-sell ratio. Inventories that are at the distribution centre or warehouses and inventories that are in transit from suppliers are measured at the lower of cost and net realizable value, with cost determined on a weighted average cost basis.

The Corporation estimates its inventory provisions based on the consideration of a variety of factors, including quantities of slow-moving or carryover seasonal merchandise on hand, historical markdown statistics, future merchandising plans and inventory shrinkage. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends.

Historically, the Corporation has not experienced significant differences in its estimates of markdowns compared with actual results. Changes to the inventory provisions and especially shrinkage can have a material impact on the results of the Corporation.

Lease term

Estimate - In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Also, under IFRS 16, estimates due to the incremental borrowing rate are used for measurement of the lease liabilities.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

6 Leases

As at January 28, 2024, the Corporation owned one store, one distribution centre, one warehouse and leased 1,550 stores, its head office, six warehouses and some equipment.

The initial lease term of stores typically runs for a period of approximately 10 years. Leases may include one or more options to renew the lease for additional periods of five years each after the end of the initial term. These terms are used to maximize operational flexibility in terms of managing contracts. Extension options held are either at a fixed rate or at fair market value and are exercisable only by the Corporation and not by the respective lessor. During the year, the financial impact of revising the lease terms to reflect the effect of exercising extension options was an increase in recognized lease liabilities of $29,496 (January 29, 2023 – $53,470).

Some leases provide for additional lease payments that are based on changes in local price indices, or variable lease payments that are based on a percentage of sales that the Corporation makes at the leased store in the period. Some also require the Corporation to make payments that relate to the property taxes levied on the lessor and/or insurance payments made by the lessor; these amounts are generally determined annually.

As at January 28, 2024, changes in right-of-use assets were as follows:

	January 28, 2024 $	January 29, 2023 $
Balance, beginning of year	1,699,755	1,480,255
Additions	327,777	441,250
Terminations and other adjustments	(370)	(5,104)
Depreciation	(238,612)	(216,646)
Balance, end of year	1,788,550	1,699,755

As at January 28, 2024, changes in lease liabilities were as follows:

	January 28, 2024 $	January 29, 2023 $
Balance, beginning of year	1,960,743	1,727,428
Additions	327,777	441,250
Interest expense on lease liabilities	66,587	52,307
Disposals and other adjustments	(1,042)	(6,676)
Net payment of lease liabilities	(284,836)	(253,566)
Balance, end of year	2,069,229	1,960,743
Current portion	234,523	218,807
Non-current portion	1,834,706	1,741,936

During the year ended January 28, 2024, the Corporation expensed $114,771 (January 29, 2023 – $99,706) of variable lease payments, which are not included in the lease liabilities. The Corporation also expensed $10,447 (January 29, 2023 – $14,330) 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.

As at January 28, 2024, the Corporation had future undiscounted minimum lease payments of $159,456 (January 29, 2023 – $146,872) for leases committed to but not yet commenced.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

7 Property, plant and equipment

	Land	Buildings and roofs	Store and warehouse equipment	Computer equipment	Vehicles	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance January 29, 2023	70,345	89,662	695,964	83,172	5,858	559,337	1,504,338
Additions	89,909	37	84,085	13,286	2,522	62,834	252,673
Disposal			(1,511)	(765)	(1,793)	(3,671)	(7,740)
Balance January 28, 2024	160,254	89,699	778,538	95,693	6,587	618,500	1,749,271
Accumulated depreciation							
Balance January 29, 2023	-	11,134	374,685	57,611	2,862	255,296	701,588
Depreciation	-	2,335	50,855	10,157	1,170	39,406	103,923
Disposal	-	-	(1,511)	(765)	(1,360)	(3,598)	(7,234)
Balance January 28, 2024	-	13,469	424,029	67,003	2,672	291,104	798,277
Net book value							
Balance January 28, 2024	160,254	76,230	354,509	28,690	3,915	327,396	950,994
Cost							
Balance January 30, 2022	70,345	89,646	635,325	74,038	5,340	501,880	1,376,574
Additions	-	16	62,567	9,335	1,070	61,061	134,049
Disposal	-	-	(1,928)	(201)	(552)	(3,604)	(6,285)
Balance January 29, 2023	70,345	89,662	695,964	83,172	5,858	559,337	1,504,338
Accumulated depreciation							
Balance January 30, 2022	-	8,800	330,416	49,198	2,194	224,090	614,698
Depreciation	-	2,334	46,197	8,614	1,075	34,736	92,956
Disposal	-	-	(1,928)	(201)	(407)	(3,530)	(6,066)
Balance January 29, 2023	-	11,134	374,685	57,611	2,862	255,296	701,588
Net book value							
Balance January 29, 2023	70,345	78,528	321,279	25,561	2,996	304,041	802,750

(Expressed in thousands of Canadian dollars, unless otherwise noted)

8 Intangible assets and goodwill

	Computer software $	Trade name [1] $	Total intangible assets $	Goodwill $
Cost				
Balance January 29, 2023	195,694	108,200	303,894	727,782
Additions	26,091	-	26,091	-
Balance January 28, 2024	221,785	108,200	329,985	727,782
Accumulated amortization				
Balance January 29, 2023	139,240	-	139,240	-
Amortization	22,910	-	22,910	-
Balance January 28, 2024	162,150	-	162,150	-
Net book value				
Balance January 28, 2024	59,635	108,200	167,835	727,782
Cost				
Balance January 30, 2022	172,916	108,200	281,116	727,782
Additions	22,778	-	22,778	-
Balance January 29, 2023	195,694	108,200	303,894	727,782
Accumulated amortization				
Balance January 30, 2022	117,050	-	117,050	-
Amortization	22,190	-	22,190	-
Balance January 29, 2023	139,240	-	139,240	-
Net book value				
Balance January 29, 2023	56,454	108,200	164,654	727,782

[1] Intangible assets with indefinite lives are not subject to amortization.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

9 Equity-accounted investment

The following table shows the change in the carrying amount of the investment in Dollarcity, for which the Corporation owns a 50.1% equity interest:

	January 28, 2024 $	January 29, 2023 $
Balance, beginning of year	267,768	211,926
Net investment	3,634	6,765
Share of net earnings	75,293	45,399
Share of other comprehensive income (loss)	23,249	(6,031)
Distributions	(53,866)	-
Foreign currency translation adjustments	3,275	9,709
Balance, end of year	319,353	267,768

10 Accounts payable and accrued liabilities

	January 28, 2024 $	January 29, 2023 $
Trade accounts payable	109,399	102,911
Employee benefits payable	89,196	79,387
Inventories in transit	45,941	37,619
Sales tax payable	11,826	50,732
Rent and other expenses	77,995	66,213
	334,357	336,862

(Expressed in thousands of Canadian dollars, unless otherwise noted)

11 Debt

Long-term debt outstanding consists of the following as at:	January 28, 2024 $	January 29, 2023 $
Senior unsecured fixed rate notes (the "Fixed Rate 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 5.533% payable in equal semi-annual instalments, maturing September 26, 2028 (the "5.533% Fixed Rate Notes")	500,000	-
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, matured on November 6, 2023 (the "3.550% Fixed Rate Notes")	-	500,000
Unamortized debt issue costs, including $1,320 (January 29, 2023 – $1,609) for the Credit Facility (as defined herein)	(9,049)	(9,107)
Accrued interest on the Fixed Rate Notes	21,460	17,177
Fair value hedge – basis adjustment on interest rate swap	1,983	(6,167)
	2,264,394	2,251,903
Current portion (includes unamortized debt issue costs, accrued interest on the Fixed Rate Notes, and the Fixed Rate Notes with a maturity date falling within the next 52-week period, when applicable)	(21,460)	(510,315)
	2,242,934	1,741,588

(Expressed in thousands of Canadian dollars, unless otherwise noted)

11 Debt (cont'd)

The table below provides the carrying values and fair values of the Fixed Rate Notes as at January 28, 2024 and January 29, 2023. The fair values of the Fixed Rate Notes were determined as a level 2 in the fair value hierarchy.

	January 28, 2024		January 29, 2023	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Fixed Rate Notes				
5.165% Fixed Rate Notes	454,198	459,567	453,969	465,107
2.443% Fixed Rate Notes	374,184	335,561	373,994	332,276
5.533% Fixed Rate Notes	507,433	518,705	-	-
1.505% Fixed Rate Notes	300,714	270,105	300,494	263,856
1.871% Fixed Rate Notes	374,561	351,596	374,251	345,536
5.084% Fixed Rate Notes	252,641	250,798	252,413	253,258
3.550% Fixed Rate Notes	-	-	504,558	494,545
	2,263,731	2,186,332	2,259,679	2,154,578

Fixed Rate Notes

On September 26, 2023, the Corporation issued the 5.533% Fixed Rate Notes by way of private placement in Canada, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 5.533% Fixed Rate Notes were issued at par for aggregate gross proceeds of $500,000 and bear interest at a fixed rate of 5.533% per annum, payable in semi-annual instalments, on March 26 and September 26 of each year until maturity on September 26, 2028. The 5.533% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited.

The Corporation used the net proceeds of the 5.533% Fixed Rate Notes offering to repay, together with cash on hand, the $500,000 aggregate principal amount of 3.550% Fixed Rate Notes, which matured on November 6, 2023 and for general corporate purposes. During the period, the bond forward contracts used as hedging instruments for the refinancing of the 3.550% Fixed Rate Notes generated a net gain of $13,841, which was considered effective, and recorded to other comprehensive income, in line with the Corporation's hedging strategy. The gain will be reclassified to net earnings over the same period as the interest payments on the newly issued 5.533% Fixed Rate Notes, effectively reducing the interest rate.

11 Debt (cont'd)

Credit Agreement

On July 5, 2023, the Corporation and the lenders entered into a sixth amending agreement to the Third Amended and Restated Credit Agreement (the "TARCA") in order to, among other things, extend the terms of its revolving credit facilities (collectively, the "Credit Facility"). Specifically, (i) the term of Facility A, in the amount of $250,000, was extended from July 5, 2027 to July 5, 2028, (ii) the term of Facility B, in the amount of $450,000, was extended from July 5, 2025 to July 6, 2026, (iii) the term of Facility C, in the amount of $50,000, was extended from July 5, 2025 to July 6, 2026, and (iv) the term of Facility D, in the amount of $300,000, was extended from July 5, 2023 to July 3, 2024.

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.

As at January 28, 2024 and January 29, 2023, no amount was outstanding under the TARCA. As at January 28, 2024, $1,049,048 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 $952 (January 29, 2023 – $1,377). As at January 28, 2024, the Corporation was in compliance with all of its financial covenants under the TARCA.

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.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

11 Debt (cont'd)

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 January 28, 2024, no amount was outstanding under the US commercial paper program (January 29, 2023 – nil).

12 Shareholders' equity

a) Share capital

Normal course issuer bid ("NCIB")

On July 5, 2023, the Corporation announced the renewal of its normal course issuer bid and the approval from the TSX to repurchase for cancellation up to 13,695,242 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 from July 7, 2023 to July 6, 2024.

Activities under the Corporation's NCIB programs during the fiscal years were as follows:

	January 28, 2024	January 29, 2023
Number of common shares repurchased under the NCIB programs	7,125,730	8,916,071
Cash consideration paid, allocated to:		
Share capital	$13,070	$15,047
Deficit	$642,799	$673,949
Total	$655,869	$688,996

b) Common shares authorized

The Corporation is authorized to issue an unlimited number of common shares. All common shares are issued as fully paid and without par value. Movements in the Corporation's share capital for fiscal years ended on the dates indicated below were as follows:

	January 28, 2024		January 29, 2023	
	Number of common shares	Amount ($)	Number of common shares	Amount ($)
Balance, beginning of year	284,505,648	488,074	292,813,569	479,446
Cancellation under NCIB	(7,125,730)	(13,070)	(8,916,071)	(15,047)
Exercise of share options	1,380,655	48,121	608,150	23,675
Balance, end of year	278,760,573	523,125	284,505,648	488,074

(Expressed in thousands of Canadian dollars, unless otherwise noted)

12 Shareholders' equity (cont'd)

c) Accumulated other comprehensive income

The table below outlines the components of accumulated other comprehensive income:

	January 28, 2024 $	January 29, 2023 $
Accumulated other comprehensive income (loss) – beginning of year	11,736	(325)
Net change in fair value of foreign exchange forward contracts subject to basis adjustments	12,984	38,016
Realized gains on bond forward contracts not subject to basis adjustments	13,841	9,245
Amortization of net gains on bond forward contracts not subject to basis adjustments	(3,237)	(1,019)
Foreign currency translation adjustments	4,004	10,813
Share of other comprehensive income (loss) of equity-accounted investment	23,249	(6,031)
Income tax expense thereon	(5,959)	(12,110)
Total other comprehensive income, net of income tax recovery	44,882	38,914
Transfer of realized cash flow hedge gains to inventory	(29,766)	(36,349)
Income tax expense thereon	7,879	9,496
Accumulated other comprehensive income – end of year	34,731	11,736

d) Dividends

The table below outlines the amount of dividends recognized as distributions to holders of common shares in the consolidated statement of changes in shareholders' equity during each quarter of the fiscal years ended January 28, 2024 and January 29, 2023.

For the quarters ending	April 30, 2023	July 30, 2023	October 29, 2023	January 28, 2024
Dividend declared	$20,206	$20,064	$20,033	$19,827
Dividend per common share	$0.0708	$0.0708	$0.0708	$0.0708
Declaration date	March 28, 2023	June 6, 2023	September 12, 2023	December 12, 2023
Payment date	May 5, 2023	August 4, 2023	November 3, 2023	February 2, 2024

(Expressed in thousands of Canadian dollars, unless otherwise noted)

12 Shareholders' equity (cont'd)

For the quarters ending	May 1, 2022	July 31, 2022	October 30, 2022	January 29, 2023
Dividend declared	$16,206	$15,984	$15,895	$15,828
Dividend per common share	$0.0553	$0.0553	$0.0553	$0.0553
Declaration date	March 29, 2022	June 7, 2022	September 8, 2022	December 6, 2022
Payment date	May 6, 2022	August 5, 2022	November 4, 2022	February 3, 2023

13 Share-based compensation

a) Performance share units

During the fiscal year ended January 28, 2024, the Corporation recognized a share-based compensation expense for PSUs of $8,285 (January 29, 2023 – $8,604).

Outstanding PSUs for the fiscal year ended on the date indicated below are as follows:

	January 28, 2024	January 29, 2023
Outstanding – beginning of year	171,295	99,339
Granted	74,556	75,011
Forfeited	(23,622)	(3,055)
Outstanding – end of year	222,229	171,295

b) Share options

During the fiscal year ended January 28, 2024, the Corporation recognized a share-based compensation expense for share options of $4,817 (January 29, 2023 – $5,583).

Outstanding and exercisable share options for fiscal years ended on the dates indicated below are as follows:

	January 28, 2024		January 29, 2023	
	Number of share options	Weighted average exercise price ($)	Number of share options	Weighted average exercise price ($)
Outstanding – beginning of year	3,358,385	40.79	3,819,100	37.28
Granted	264,885	82.16	252,435	73.79
Exercised	(1,380,655)	28.44	(608,150)	31.64
Forfeited	(127,518)	62.28	(105,000)	45.57
Outstanding – end of year	2,115,097	52.73	3,358,385	40.79
Exercisable – end of year	1,166,068	45.04	2,130,950	33.15

(Expressed in thousands of Canadian dollars, unless otherwise noted)

13 Share-based compensation (cont'd)

Information relating to share options outstanding and exercisable as at January 28, 2024 is as follows:

	Share options outstanding			Share options exercisable		
Range of exercise prices	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price ($)**	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price ($)**
$14.80 - $37.76	25	213,200	29.79	25	213,200	29.79
$37.77 - $42.49	62	305,300	38.17	62	221,900	38.17
$42.50 - $47.34	76	539,700	46.80	76	295,500	46.80
$47.35 - $53.88	51	279,000	51.13	51	276,900	51.15
$53.89 - $65.15	86	313,300	56.50	86	115,150	56.50
$65.16 - $92.25	104	464,597	78.13	98	43,418	73.79
	73	2,115,097	52.73	60	1,166,068	45.04

The weighted average fair value of the share options granted during the fiscal years ended on the dates indicated below was estimated at the grant date based on the Black-Scholes option pricing model using the following assumptions:

	January 28, 2024	**January 29, 2023**
Exercise price per share	$82.16	$73.79
Dividend yield	0.3%	0.3%
Risk-free interest rate	2.9%	2.4%
Expected life	6.1 years	6.1 years
Expected volatility	26.3%	25.7%
Weighted average fair value of share options estimated at the grant date	$25.41	$21.72

The expected life is estimated using the average of the vesting period and the contractual life of the share options. Expected volatility is estimated based on weekly observations of the Corporation's publicly traded share price.

c) Deferred share units

During the fiscal year ended January 28, 2024, the Corporation recognized a share-based compensation expense for DSUs of $2,266 (January 29, 2023 – $1,131), which includes the effect of equity derivatives. As at January 28, 2024, the DSU liability amounted to $17,432 (January 29, 2023 – $13,047) and the intrinsic value of the liability for vested benefits was $16,579 (January 29, 2023 – $12,224).

(Expressed in thousands of Canadian dollars, unless otherwise noted)

13 Share-based compensation (cont'd)

Outstanding DSUs for the fiscal year ended on the date indicated below are as follows:

	January 28, 2024	January 29, 2023
Outstanding – beginning of year	159,594	166,285
Granted	14,950	16,719
Settled	-	(23,410)
Outstanding – end of year	174,544	159,594

14 Income taxes

a) Income taxes

	January 28, 2024	January 29, 2023
	$	$
Current tax expense in respect of the current year	350,656	281,732
Deferred tax expense relating to the origination and reversal of temporary differences	(10,237)	(7,488)
Income taxes	340,419	274,244

Tax on the Corporation's earnings before income taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to earnings of the consolidated entities as follows:

	January 28, 2024	January 29, 2023
	$	$
Earnings before income taxes	1,350,879	1,076,107
Tax calculated at domestic rates applicable to income in Canada and the Canadian provinces	357,578	284,630
Tax effects of:		
Permanent differences	(17,808)	(9,470)
Settlement of previous year's tax assessments	651	(960)
Other	(2)	44
Tax expense	340,419	274,244

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 fiscal year ended January 28, 2024 was 26.5% (January 29, 2023 – 26.5%). The Corporation's effective income tax rate for the fiscal year ended January 28, 2024 was 25.2% (January 29, 2023 – 25.5%).

(Expressed in thousands of Canadian dollars, unless otherwise noted)

14 Income taxes (cont'd)

b) Deferred income tax

Deferred income taxes reflect the net tax impact of temporary differences between the value of assets and liabilities for accounting and tax purposes. The main components of the deferred tax assets and liabilities were as follows:

	January 28, 2024 $	January 29, 2023 $
Non-deductible reserves	31,234	15,428
Lease obligations	547,649	518,617
Derivative financial instruments	1,533	-
Deferred tax asset	580,416	534,045
Property, plant and equipment	574,535	546,657
Intangible assets and goodwill	133,154	130,968
Derivative financial instruments	-	1,268
Deferred tax liability	707,689	678,893
	127,273	144,848

Movements in the Corporation's net deferred income tax liabilities for fiscal years ended on the dates indicated below were as follows:

	January 28, 2024 $	January 29, 2023 $
Net deferred income tax liabilities – beginning of year	144,848	151,901
Deferred tax recovery recorded in net earnings	(10,237)	(7,488)
Deferred tax on PSUs charged against equity	(2,612)	-
Deferred tax expense (recovery) recorded in other comprehensive income (loss)	(4,726)	435
Net deferred income tax liabilities – end of year	127,273	144,848

(Expressed in thousands of Canadian dollars, unless otherwise noted)

15 Financial instruments

Exposure and management of risk

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under practices approved by the Board of Directors. This department identifies, evaluates and hedges financial risks based on the requirements of the organization. The Board of Directors provides guidance for overall risk management, covering many areas of risk including but not limited to foreign exchange risk, interest rate risk, credit risk and the use of derivative financial instruments.

a) Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recorded in the consolidated statement of net earnings and comprehensive income. Those categories are, for assets, amortized cost, as well as fair value through the consolidated statement of net earnings and comprehensive income and, for liabilities, amortized cost, as well as fair value through the consolidated statement of net earnings and comprehensive income. The following table shows the carrying values of assets and liabilities for each of these categories as at:

	January 28, 2024 $	January 29, 2023 $
Assets		
Amortized cost		
Cash and cash equivalents	313,915	101,261
Accounts receivable	32,474	56,290
Distributions receivable from equity-accounted investment	26,906	-
Total amortized cost	373,295	157,551
Fair value through profit or loss		
Derivative financial instruments (1)	5,318	18,762
Liabilities		
Amortized cost		
Trade payable and accrued liabilities (2)	320,135	283,210
Dividend payable	19,827	15,828
Lease liabilities	2,069,229	1,960,743
Long-term debt	2,264,394	2,251,903
Total amortized cost	4,673,585	4,511,684
Fair value through profit or loss		
Derivative financial instruments (1)	3,681	8,490

(1) These derivatives are part of an effective hedging relationship.
(2) Excluding non-contractual accounts payable.

15 Financial instruments (cont'd)

Fair value measurements

The carrying amounts of financial instruments are presented in the consolidated statement of financial position at fair value or amortized cost according to the Corporation's accounting policies. Current financial assets and liabilities, which include cash and cash equivalents, accounts receivable, distributions receivable from equity-accounted investment, accounts payable and accrued liabilities and dividends payable, approximate fair values due to the immediate or short-term maturities of these financial instruments.

The three levels of fair value hierarchy under which the Corporation's financial instruments are valued are the following:

Level 1 – Quoted market prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

b) Derivatives

Foreign exchange forward contracts and interest rate swap contracts are designated as hedging instruments and are recorded at fair value, determined using market prices and other observable inputs.

The Corporation has master netting agreements for the vast majority of derivative contracts but no amounts have been netted as at January 28, 2024 or January 29, 2023.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

15 Financial instruments (cont'd)

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 January 28, 2024 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 January 28, 2024					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	265,000	1.33	Current assets	3,335	Cash flow hedge
USD Foreign exchange forward contracts	223,000	1.36	Current liabilities	(3,681)	Cash flow hedge
	488,000			(346)	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	150,000	CORRA	Current assets	1,983	Fair value hedge
	150,000			1,983	
Total	638,000			1,637	
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

15 Financial instruments (cont'd)

The foreign currency forwards are denominated in the same currency as the highly probable future inventory purchases, therefore the hedge ratio is 1:1.

For the year ended January 28, 2024, accumulated fair value gains of $37,052 (January 29, 2023 – $18,822) on USD foreign exchange forward contracts recorded in the carrying value of inventory were reclassified from inventory to the cost of sales in the consolidated statement of net earnings and comprehensive income.

Hedge ineffectiveness

The Corporation formally documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedging transactions.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases and hedges of U.S. dollar borrowings, the Corporation or any of its subsidiaries enter into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Corporation therefore performs a qualitative assessment of effectiveness.

For hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecasted transaction changes from what was originally estimated or if there are changes in the credit risk of the Corporation or the counterparty. For hedges of U.S. dollar borrowings, ineffectiveness may arise if the terms of the hedging instruments differ from the terms of the hedged item.

c) Market risk

i. Foreign exchange risk

The functional currency of the Corporation is the Canadian dollar ("CAD"). Because cash inflows are primarily denominated in Canadian dollars, the Corporation is exposed to the variability in the CAD/U.S. dollars ("USD") exchange rate when paying expenses with USD that relate to merchandise and when accounting for the Corporation's share of the net earnings of Dollarcity.

Foreign exchange forward contracts are entered into in order to manage the currency fluctuation risk associated with forecasted US dollar merchandise purchases sold in stores, as well as the hedges of U.S. dollar borrowings converted into Canadian dollar borrowings under the US commercial paper program. These contracts are purchased for cash flow hedging as part of the Corporation's risk management process and are designated as the hedging item of highly probable future purchases of merchandise and USCP notes (the "hedged item"). Under the Corporation's policy, the critical terms of the forward contracts must align with the hedged items.

At each reporting date, the Corporation performs an assessment of effectiveness of its cash flow hedges to ensure that the hedging relationship, between the hedging instrument and the hedged item, remains highly effective.

15 Financial instruments (cont'd)

Foreign exchange forward contracts are designated as hedging instruments and recorded at fair value, determined using market prices and other observable inputs. The Corporation designates its foreign exchange forward contracts as hedges of the variability in highly probable future cash flows attributable to a forecasted transaction (cash flow hedges) or as hedges of U.S. dollar borrowings under the US commercial paper program (cash flow hedges). The fair value of these contracts is determined using the forward exchange rates at the measurement date, with the resulting value discounted back to present values, or using other valuation techniques.

For the fiscal year ended January 28, 2024, accumulated fair value gains of $29,766 (January 29, 2023 – $36,349) on foreign exchange forward contracts were reclassified from accumulated other comprehensive income to the carrying value of inventory.

Accumulated fair value gains or losses are recorded in inventory prior to being reclassified in the cost of sales. As a result, adjustments to the consolidated statement of cash flows are made through changes in non-cash working capital.

As at January 28, 2024 and January 29, 2023, a variation in the CAD of 10% against the USD on monetary accounts in USD would, all other variables constant, have an approximate favorable/unfavorable impact of approximately $2,789 and $740 on net earnings, respectively.

ii. Interest rate risk

The Corporation's interest rate risk arises from long-term debt and short-term borrowings. Long-term debt and short-term borrowings issued at variable rates exposes the Corporation to cash flow interest rate risk. Long-term debt issued at fixed rates exposes the Corporation to fair value interest rate risk.

On a quarterly basis, the Corporation analyzes its interest rate risk exposure. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on earnings of a defined interest rate shift. The Corporation uses variable rate debt from time to time to finance a portion of its operations and capital expenditures. These obligations expose the Corporation to variability in interest payments due to changes in interest rates.

As at January 28, 2024, 100% (January 29, 2023 – 100%) of the Corporation's long-term debt carried a fixed interest rate and none (January 29, 2023 – none) carried a variable interest rate.

15 Financial instruments (cont'd)

The Corporation also uses interest rate swap contracts to mitigate the risk associated with changes in the fair value of various Fixed Rates Notes due to changes in interest rates. These derivative financial instruments are used for risk management purposes and are designated as fair value hedges. Under these interest rates swaps, the Corporation receives a fixed rate of interest and pays interest at a variable rate on the notional amount. These derivatives are designated as hedging instruments and are recorded on the consolidated statement of financial position at fair value.

Bond forward contracts were also used in the first half of the period ended January 28, 2024, in advance of issuing the 5.533% Fixed Rate Notes as hedges of interest rates thereof. Upon the pricing of the 5.533% Fixed Rate Notes on September 26, 2023, these bond forward contracts were settled and were no longer outstanding as of January 28, 2024. These derivatives were designated as hedging instruments and were recorded on the consolidated statement of financial position at fair value. The gains related to the effective portion of the change in fair value of the derivatives were recorded to other comprehensive income and are being reclassified to net earnings over the same period as the hedged interest payments are recorded in net earnings. The hedged risk was defined as the variability in cash flows associated with coupons paid on the debt to be issued attributable to movements in the CAD benchmark rate. The CAD benchmark rate consisted of the interpolated yield of Government of Canada bond curve with a term corresponding to the expected debt. Cash flows related to the expected bond's credit spread over the CAD benchmark were not designated as part of the hedging relationship.

An analysis by maturities is provided in Note 15 e).

As at January 28, 2024, a variation of 100 basis points of the CORRA rate would, all other variables constant, have a favorable/unfavorable impact of approximately $1,103 on net earnings (January 29, 2023 – 3-month CDOR, $1,470).

iii. Price risk

The Corporation uses equity derivatives to economically hedge a portion of the price risk on the DSU plan as the recorded amounts of the related liabilities fluctuate with the fair value of the Corporation's shares. These derivatives are not designated as hedging instruments for accounting purposes with change in fair value recorded as part of general, administrative and store operating expenses in the consolidated statements of net earnings and comprehensive income. These derivatives are settled every reporting period.

d) Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents, accounts receivable, distributions receivable from equity-accounted investment and derivative contracts.

The Corporation offsets the credit risk by depositing its cash and cash equivalents with major financial institutions whom have been assigned high credit ratings by internationally recognized credit rating agencies.

The Corporation is exposed to credit risk on receivables from landlords for tenant allowances, trade receivables from third parties and distributions receivable from equity-accounted investment. In order to mitigate this risk, the Corporation monitors credit risk and may retain offsetting payments until accounts receivable are fully satisfied. Other significant receivables are secured with letters of credit, which can be called on if the counterparty is in default under the terms of the agreement.

15 Financial instruments (cont'd)

For purposes of testing the impairment of financial assets, the Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at January 28, 2024, a significant portion of the accounts receivable are secured by letters of credit. The expected credit loss allowance recorded for accounts receivable was not significant as at January 28, 2024 and January 29, 2023.

The Corporation only enters into derivative contracts with major financial institutions for the purchase of USD forward and interest rate swap contracts, as described above, and has master netting agreements in place for the vast majority of those derivative contracts.

e) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation mitigates liquidity risk through continuous monitoring of its debt which is guaranteed by Dollarama L.P. and Dollarama GP Inc.

The Corporation's objective is to maintain sufficient liquidity to meet its financial liabilities as they become due and remain compliant with financial and non-financial covenants under the TARCA and under the trust indenture governing the Fixed Rate Notes. The Corporation manages liquidity risk through various means, including monitoring cash balances and planned cash flows generated from operations and used for investing in capital assets.

As at January 28, 2024, the Corporation had Fixed Rate Notes outstanding for an aggregate principal amount of $2,250,000 (January 29, 2023 – $2,250,000) and had authorized and available credit in the amount of $1,049,048 under the Credit Facility (January 29, 2023 – $1,048,623), none of which was reserved to serve as a backstop for outstanding amounts under the US commercial paper program (refer to Note 11).

Management estimates that, as at January 28, 2024 and January 29, 2023, the average time to maturity of the Corporation's committed debt portfolio, which consists of the Fixed Rate Notes, amounts drawn on the Credit Facility and the USCP Notes, was 4.3 years and 4.2 years, respectively.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

15 Financial instruments (cont'd)

The table below analyzes the Corporation's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at January 28, 2024. Trade payable and accrued liabilities exclude liabilities that are not contractual (such as income tax liabilities that are created as a result of statutory requirements imposed by governments).

	Less than 3 months $	3 months to 1 year $	1-5 years $	Over 5 years $	Total $
Trade payable and accrued liabilities	320,135	-	-	-	320,135
Dividend payable	19,827	-	-	-	19,827
Lease liabilities [(1)]	77,382	257,141	1,023,310	1,138,241	2,496,074
Principal repayment on:					
5.165% Fixed Rate Notes	-	-	-	450,000	450,000
2.443% Fixed Rate Notes	-	-	-	375,000	375,000
5.533% Fixed Rate Notes	-	-	500,000	-	500,000
1.505% Fixed Rate Notes	-	-	300,000	-	300,000
1.871% Fixed Rate Notes	-	-	375,000	-	375,000
5.084% Fixed Rate Notes	-	-	250,000	-	250,000
Interest payments on:					
5.165% Fixed Rate Notes	11,621	11,621	92,970	34,864	151,076
2.443% Fixed Rate Notes	-	9,161	36,645	4,581	50,387
5.533% Fixed Rate Notes	13,833	13,833	110,659	-	138,325
1.505% Fixed Rate Notes	2,258	2,258	13,544	-	18,060
1.871% Fixed Rate Notes	-	7,016	10,524	-	17,540
5.084% Fixed Rate Notes	6,355	6,355	12,710	-	25,420
	451,411	307,385	2,725,362	2,002,686	5,486,844

(1) Represent the basic annual rent and other charges paid to landlords that are fixed or that vary based on an index or a rate.

15 Financial instruments (cont'd)

f) Capital management

The Corporation's capital structure consists of common shares, the Fixed Rate Notes, the Credit Facility, the USCP Notes, share options, equity and accumulated other comprehensive income. The Corporation manages its capital structure and makes changes pursuant to economic conditions and conditions related to its assets.

The Corporation monitors capital using a number of financial metrics, including but not limited to the leverage ratio, defined as adjusted total debt (sum of (i) total long-term debt and (ii) total lease liabilities) over consolidated EBITDA (earnings before interest, taxes, depreciation and amortization).

The Corporation's objectives when managing capital are to:

- provide a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations; and
- ensure sufficient liquidity to pursue its growth strategy.

In managing its capital structure, the Corporation monitors performance throughout the year to ensure working capital requirements are funded from operations, available cash on deposit and, where applicable, bank borrowings and USCP Notes. The Corporation manages its capital structure and may make adjustments to it in order to support the broader corporate strategy or in response to changes in economic conditions and risk. In order to maintain or adjust its capital structure, the Corporation may: issue shares or new debt; reduce the amount of existing debt; repurchase shares for cancellation under a normal course issuer bid; and adjust the amount of dividends paid to shareholders.

The Corporation is subject to financial covenants under the TARCA and the trust indenture governing the Fixed Rate Notes, which are measured on a quarterly basis. These covenants include a leverage ratio and an interest coverage ratio. As at January 28, 2024, the Corporation was in compliance with all such covenants.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

16 Earnings per common share

a) Basic

Basic earnings per common share is calculated by dividing the profit attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the year.

	January 28, 2024	January 29, 2023
Net earnings attributable to shareholders of the Corporation	$1,010,460	$801,863
Weighted average number of common shares outstanding during the year (thousands)	283,074	289,412
Basic net earnings per common share	$3.57	$2.77

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. For the share options, the Corporation's only category of dilutive potential common shares, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Corporation's shares) based on the exercise price of outstanding share options. The number of shares as calculated above is then compared with the number of shares that would have been issued assuming the exercise of the share options, plus any unrecognized compensation costs.

	January 28, 2024	January 29, 2023
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	$1,010,460	$801,863
Weighted average number of common shares outstanding during the year (thousands)	283,074	289,412
Dilutive effect of share options (thousands)	1,094	1,593
Weighted average number of common shares for diluted net earnings per common share (thousands)	284,168	291,005
Diluted net earnings per common share	$3.56	$2.76

As at January 28, 2024, 238,899 share options 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 share-based compensation of those share options under the treasury stock method (January 29, 2023 - 252,435).

17 Related party transactions

a) Rossy family

As at January 28, 2024, the Corporation leased 19 stores, five warehouses and its head office from entities controlled by the Rossy family pursuant to long-term lease agreements. Rental payments associated with these related-party leases are measured at cost, which equals fair value, being the amount of consideration established at market terms.

As at January 28, 2024, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled $14,891 (January 29, 2023 – $26,635).

Rental expenses charged by entities controlled by the Rossy family but not included in lease liabilities totalled $8,825 for the year ended January 28, 2024 (January 29, 2023 – $7,451).

b) Dollarcity

Dollarama International, a wholly-owned subsidiary of the Corporation, holds a 50.1% interest in CARS. Under the Stockholders Agreement dated August 14, 2019, as amended from time to time, 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.

Dollarama International and Dollarcity's business relationship is currently governed by a sourcing agreement and a services agreement entered into between the parties on February 4, 2022, 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.

Under the sourcing agreement, Dollarcity purchases from the Corporation goods to be sold to customers in the normal course of business. The sales to Dollarcity that were shipped directly from the Corporation's warehouses, as well as the net consideration received for sales in which the Corporation acts as an intermediary, are included in the Corporation's consolidated sales.

Under the services agreement and other agreements in place, Dollarcity and the Corporation provide services to each other, including, but not limited to, administrative and corporate services, as well as diverse information technology related matters. Dollarcity also purchases various items from the Corporation such as racking, hardware and software licenses.

(Expressed in thousands of Canadian dollars, unless otherwise noted)

17 Related party transactions (cont'd)

The following transactions have been entered into with Dollarcity in connection with the aforementioned agreements during the fiscal years ended on the dates indicated below:

	January 28, 2024 $	January 29, 2023 $
Included in the Consolidated Statement of Financial Position		
Accounts receivable [1]	22,521	50,519
Distributions receivable from equity-accounted investment	26,906	-
Accounts payable and accrued liabilities	8,299	9,806
Included in the Consolidated Statement of Net Earnings and Comprehensive Income		
Sales [2]	22,037	48,823

(1) The accounts receivable from Dollarcity is guaranteed by a letter of credit up to US$20,000 ($26,906) (January 29, 2023 – US$20,000 ($26,622)) and includes amounts outstanding under the sourcing and services agreements, as well as other agreements in place.

(2) Includes the net consideration received for sales in which the Corporation acts as an intermediary, as well as gross proceeds generated from sales shipped directly from the Corporation's warehouses.

The financial information provided below represents the Corporation's 50.1% share of Dollarcity's net earnings and other comprehensive loss for the years ended December 31, 2022 and December 31, 2023, corresponding to Dollarcity's year-end.

	January 28, 2024 $	January 29, 2023 $
Net earnings	75,293	45,399
Other comprehensive income (loss)	23,249	(6,031)
Total comprehensive income	98,542	39,368

c) Compensation of key management and directors

The Corporation considers key management to be the members of the Board of Directors, the Chief Executive Officer and the executive team that have the authority and responsibility for planning, directing and controlling the activities of the Corporation. The remuneration paid to members of key management as well as share-based payments during the fiscal years ended on the dates indicated below were as follows:

	January 28, 2024 $	January 29, 2023 $
Short-term benefits	13,264	12,291
Defined contribution pension plan	80	78
Share-based payments	9,275	10,181
	22,619	22,550

(Expressed in thousands of Canadian dollars, unless otherwise noted)

18 Expenses by nature included in the consolidated statement of net earnings and comprehensive income

	January 28, 2024 $	January 29, 2023 $
Cost of sales		
Cost of goods sold, labour, transport and other costs	3,067,321	2,701,788
Occupancy costs	169,283	152,747
Depreciation of property, plant and equipment and right-of-use assets relating to the warehouses and distribution centre	17,303	-
Total cost of sales	3,253,907	2,854,535
Depreciation and amortization		
Depreciation of property, plant and equipment and right-of-use assets (1)	325,232	309,602
Amortization of intangible assets	22,910	22,190
Total depreciation and amortization	348,142	331,792

(1) For the period ended January 29, 2023, includes depreciation expenses relating to the warehouses and distribution centre totalling $12,758.

	January 28, 2024 $	January 29, 2023 $
Employee benefits		
Salaries	627,543	540,380
Share-based compensation	13,102	14,187
Defined contribution pension plan	7,961	7,536
Total employee benefit expense	648,606	562,103
Net financing cost		
Interest expense on long-term debt	87,548	55,469
Interest expense on lease liabilities	66,587	52,307
Interest expense on short-term borrowing	13,088	13,806
Banking fees and other interest expense	4,869	5,248
Interest revenue	(27,250)	(11,436)
Total net financing cost	144,842	115,394

(Expressed in thousands of Canadian dollars, unless otherwise noted)

19 Details of statement of cash flows

a) Changes in non-cash working capital

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

	January 28, 2024	January 29, 2023
	$	$
Accounts receivable	24,111	(28,767)
Prepaid expenses	9,794	(10,327)
Inventories	40,362	(366,241)
Accounts payable and accrued liabilities	(10,375)	46,240
Income taxes payable	(11,348)	7,877
	52,544	(351,218)
Net cash paid for income taxes	362,001	271,854

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

b) Financing activities

Changes in liabilities arising from financing activities comprise the following:

	January 28, 2024			January 29, 2023		
	Short-term borrowings	Long-term debt	Lease liabilities	Short-term borrowings	Long-term debt	Lease liabilities
	$	$	$	$	$	$
Balance, beginning of year	-	2,251,903	1,960,743	89,386	1,796,914	1,727,428
Non-cash changes:						
Amortization of debt issue costs	-	2,596	-	-	2,288	-
Financing costs on short-term borrowings and long-term debt	13,088	87,548	-	13,806	55,469	-
Financing costs on lease liabilities	-	-	66,587	-	-	52,307
Other	-	8,150	-	(1,001)	(3,240)	-
Net increase in lease liabilities			326,735	-	-	434,574
Cash changes:						
Repayments of long-term debt	-	(500,000)	-	-	(250,000)	-
Issuance of long-term debt	-	500,000	-	-	700,000	-
Payment of interest on long-term debt	-	(82,907)	-	-	(45,681)	-
Payment of debt issue costs	-	(2,896)	-	-	(3,847)	-
Repayments of short-term borrowings	(13,088)	-	-	(102,191)	-	-
Net payment of lease liabilities	-	-	(284,836)	-	-	(253,566)
Balance, end of year	-	2,264,394	2,069,229	-	2,251,903	1,960,743

20 Event after the reporting period

Quarterly cash dividend

On April 4, 2024, the Corporation announced that its Board of Directors approved a 29.9% increase of the quarterly cash dividend for holders of common shares, from $0.0708 to $0.0920 per common share. This dividend is payable on May 3, 2024 to shareholders of record at the close of business on April 19, 2024. The dividend is designated as an “eligible dividend” for Canadian tax purposes.

Amendment to Normal Course Issuer Bid

On April 3, 2024, the Corporation amended its normal course issuer bid in effect for the 12-month period running from July 5, 2023 until July 6, 2024 (the “2023-2024 NCIB”) in connection with the establishment of an employee benefit plan trust for purposes of facilitating the holding and administering of common shares that may be purchased from time to time to hedge the Corporation's exposure in respect of grants made under its performance share unit plan, including to settle its obligations under such plan. Going forward, in accordance with the terms of the amended 2023-2024 NCIB, common shares purchased and placed under the employee benefit plan trust will count towards the maximum number of securities that the Corporation may acquire under the 2023-2024 NCIB. All other terms of the program remain unchanged.

Renewal of Related Party Lease Agreements

On April 3, 2024, the Corporation renewed its long-term lease agreements governing its head office and five of its warehouses, which are leased from entities controlled by the Rossy family. With respect to each lease, the Corporation negotiated a long-term extension and updated terms which are considered to be no less favorable to the Corporation than those that could have been obtained from third parties based on, among other factors, a review completed with the assistance of counsel as well as rental rate comparison studies prepared by an independent third party. Following the renewal of the lease agreements, lease liabilities increased by approximately $241,000 with a corresponding adjustment to right-of-use assets. The weighted average lease term upon renewal is estimated at 14.6 years.