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DOLLARAMA REPORTS FISCAL 2025 FIRST QUARTER RESULTS

- 5.6% comparable store sales⁽¹⁾ growth and 22.2% increase in diluted net earnings per share to \$0.77
- Dollarama increases equity interest in LATAM partnership and expands countries of operation to include Mexico
- Long-term store target for Dollarcity increased from 850 stores by 2029 to 1,050 by 2031 in current four markets of operation

MONTREAL, Quebec, June 12, 2024 – Dollarama Inc. (TSX: DOL) (“Dollarama” or the “Corporation”) today reported its financial results for the first quarter ended April 28, 2024.

Dollarama also announced today that it has acquired an additional 10.0% equity interest in Latin American value retailer Dollarcity, increasing its total equity interest to 60.1%, and that it has expanded its partnership countries to include Mexico. See separate press release for more details.

Fiscal 2025 First Quarter Results Highlights Compared to Fiscal 2024 First Quarter Results

- Sales increased 8.6% to 1,405.8 million
- Comparable store sales grew 5.6%, over and above 17.1% growth in the corresponding period of the previous year
- EBITDA⁽¹⁾ increased 14.0% to \$417.7 million, representing an EBITDA margin⁽¹⁾ of 29.7%, compared to 28.3%
- Operating income increased 16.0% to \$322.0 million, representing an operating margin⁽¹⁾ of 22.9%, compared to 21.4%
- Diluted net earnings per common share increased 22.2% to \$0.77, compared to \$0.63
- 18 net new stores opened, compared to 21 net new stores
- 1,281,166 common shares repurchased for cancellation for \$145.5 million

“As anticipated, we are seeing a progressive normalization in comparable store sales, with growth primarily driven by persistent higher than historical demand for core consumables and other everyday essentials. As Canadian consumers continue to seek out compelling value for their hard-earned money, we will remain focused on executing on our value and convenience promise,” said Neil Rossy, President and CEO.

“Like Dollarama in Canada, the Dollarcity value proposition is resonating with consumers in LATAM. The increase in Dollarcity’s long-term target to 1,050 stores by 2031 in their current four countries of operation speaks to the untapped growth potential in these markets and more broadly, the relevance of our retail model across geographies and demographics,” added Mr. Neil Rossy.

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

Fiscal 2025 First Quarter Financial Results

Sales for the first quarter of fiscal 2025 increased by 8.6% to \$1,405.8 million, compared to \$1,294.5 million in the corresponding period of the prior fiscal year. This increase was driven by growth in the total number of stores over the past 12 months (from 1,507 stores on April 30, 2023, to 1,569 stores on April 28, 2024) and comparable store sales growth.

Comparable store sales for the first quarter of fiscal 2025 increased by 5.6%, consisting of an 8.7% increase in the number of transactions and a 2.8% decrease in average transaction size, over and above comparable store sales growth of 17.1% in the corresponding period of the prior fiscal year. The increase in comparable store sales was driven primarily by strong customer demand for consumables.

Gross margin⁽¹⁾ was 43.2% of sales in the first quarter of fiscal 2025, compared to 42.2% of sales in the first quarter of fiscal 2024. Gross margin as a percentage of sales was higher primarily as a result of lower inbound shipping costs, mainly driven by the positive impact of renewed contracts with carriers, as well as lower logistics costs.

General, administrative and store operating expenses (“SG&A”) for the first quarter of fiscal 2025 increased by 11.0% to \$217.2 million, compared to \$195.6 million for the first quarter of fiscal 2024. SG&A represented 15.4% of sales for the first quarter of fiscal 2025, compared to 15.1% of sales for the first quarter of fiscal 2024. This variance reflects higher store labour and operating costs.

EBITDA totalled \$417.7 million, representing an EBITDA margin of 29.7%, for the first quarter of fiscal 2025, compared to \$366.3 million, or an EBITDA margin of 28.3%, in the first quarter of fiscal 2024.

The Corporation’s 50.1% share of Dollarcity’s net earnings for the period from January 1, 2024, to March 31, 2024, increased by 68.3% to \$22.1 million, compared to \$13.1 million for the same period last year. The Corporation’s investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Net financing costs were \$36.5 million for the first quarter of fiscal 2025, compared to \$36.7 million for the first quarter of fiscal 2024. The slight decrease reflects higher interest income from invested capital, partially offset by a higher average borrowing rate on Fixed Rate Notes and lease liabilities.

Net earnings increased by 20.0% to \$215.8 million, or \$0.77 per diluted common share, in the first quarter of fiscal 2025, compared to \$179.9 million, or \$0.63 per diluted common share, in the first quarter of fiscal 2024.

Dollarcity Store Count and New Long-term Store Target

During its first quarter ended March 31, 2024, Dollarcity opened 15 net new stores, compared to 8 net new stores in the same period last year. As at March 31, 2024, Dollarcity had 547 stores with 324 locations in Colombia, 99 in Guatemala, 72 in El Salvador and 52 in Peru. This compares to 532 stores as at December 31, 2023.

Following an updated evaluation of the market potential for Dollarcity stores in its current markets of operation, comprised of Colombia, Guatemala, El Salvador and Peru, Dollarcity’s management believes that it can profitably grow its store network in these four markets to approximately 1,050 stores by 2031, up from its previous long-term target of 850 stores by 2029. The increased store target reflects anticipated growth primarily in Peru and Colombia.

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

Normal Course Issuer Bid

During the first quarter of fiscal 2025, 1,281,166 common shares were repurchased for cancellation under the Corporation's normal course issuer bid for a total cash consideration of \$145.5 million, at a weighted average price of \$113.60 per share.

Dividend

On June 12, 2024, the Corporation announced that its board of directors approved a quarterly cash dividend for holders of common shares of \$0.0920 per common share. This dividend is payable on August 2, 2024 to shareholders of record at the close of business on July 5, 2024. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

Publication of Fiscal 2024 ESG Report

Dollarama today published its fiscal 2024 ESG Report, prepared in alignment with relevant Sustainability Accounting Standards Board (SASB) standards and with an increasing number of recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD). This latest report provides a comprehensive overview of the Corporation's ESG strategy, governance oversight and priority topics across five pillars: our products and customers, our operations and climate strategy, our people, our supply chain and our governance. It also provides an annual update on key indicators, goals and initiatives.

Our fiscal 2024 ESG Report and accompanying SASB Index is in complement to our previous ESG disclosure and related documents, all available in the Sustainability section of www.dollarama.com, and should be read in conjunction with our regulatory filings.

Outlook⁽²⁾

The Corporation's financial annual guidance ranges for fiscal 2025 issued on April 4, 2024, as well as the assumptions on which these ranges are based, remain unchanged:

<i>(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)</i>	Fiscal 2025 Guidance
Net new store openings	60 to 70
Comparable store sales	3.5% to 4.5%
Gross margin	44.0% to 45.0%
SG&A	14.5% to 15.0%
Capital expenditures	\$175.0 to \$200.0

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

- The number of signed offers to lease and store pipeline for the remainder of fiscal 2025, the absence of delays outside of our control on construction activities and no material increases in occupancy costs in the short- to medium-term
- Approximately three months visibility on open orders and product margins
- Continued positive customer response to our product offering, value proposition and in-store merchandising
- The active management of product margins, including through pricing strategies and product refresh, and of inventory shrinkage
- The Corporation continues to account for its investment in Dollarcity as a joint arrangement using the equity method

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

- The entering into of foreign exchange forward contracts to hedge the majority of forecasted merchandise purchases in USD against fluctuations of CAD against USD
- The continued execution of in-store productivity initiatives and realization of cost savings and benefits aimed at improving operating expense
- The absence of a significant shift in labour, economic and geopolitical conditions, or material changes in the retail environment
- No significant changes in the capital budget for fiscal 2025 for new store openings, maintenance and transformational capital expenditures, the latter mainly related to IT projects
- The absence of unusually adverse weather, especially in peak seasons around major holidays and celebrations

Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the foregoing forward-looking statements, including the fiscal 2025 guidance and the underlying assumptions. These statements, including the various underlying assumptions, are forward-looking and should be read in conjunction with the cautionary statement on forward-looking statements.

Forward-Looking Statements

Certain statements in this press release about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on information currently available to management and on estimates and assumptions made by management regarding, among other things, general economic and geopolitical conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the factors which are outlined in the management’s discussion and analysis for the first quarter of the fiscal year ending February 2, 2025 and discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s annual management’s discussion and analysis for the fiscal year ended January 28, 2024, both available on SEDAR+ at www.sedarplus.com and on the Corporation’s website at www.dollarama.com.

These factors are not intended to represent a complete list of the factors that could affect the Corporation or Dollarcity; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management’s expectations regarding the Corporation’s and Dollarcity’s financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this press release are made as at June 12, 2024 and management has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Virtual Shareholder Meeting and First Quarter Results Conference Call

Dollarama will hold its annual general meeting of shareholders today, June 12, 2024 at 9:00 a.m. (ET). The meeting will be conducted virtually, via live audio webcast. All shareholders of record as of the close of business on April 18, 2024 will be able to listen to the live audio webcast and submit questions. However, only registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) will be able to vote at the meeting.

Dollarama will also hold a conference call to discuss its fiscal 2025 first quarter results and the Dollarcity transaction today, June 12, 2024 at 11:00 a.m. (ET) followed by a question and answer period for financial analysts only. Other interested parties may participate in the call on a listen-only basis via live audio webcast accessible through Dollarama's website at www.dollarama.com/en-CA/corp/events-presentations.

About Dollarama

Dollarama is a recognized Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online. Our 1,569 locations across Canada provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Select products are also available, by the full case only, through our online store at www.dollarama.com. Our quality merchandise is sold at select fixed price points up to \$5.00.

Dollarama also owns a 60.1% interest in Dollarcity, a growing Latin American value retailer. Dollarcity offers a broad assortment of consumable products, general merchandise and seasonal items at select, fixed price points up to US\$4.00 (or the equivalent in local currency) in 547 conveniently located stores in El Salvador, Guatemala, Colombia and Peru.

For further information:

Investors: Patrick Bui, Chief Financial Officer, (514) 737-1006 x1237, patrick.bui@dollarama.com; Media: Lyla Radmanovich, PELICAN PR, (514) 845-8763, media@rppelican.ca
www.dollarama.com

Selected Consolidated Financial Information

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

	13-Week Periods Ended	
	April 28, 2024 \$	April 30, 2023 \$
Earnings Data		
Sales	1,405,772	1,294,549
Cost of sales	798,496	748,807
Gross profit	607,276	545,742
SG&A	217,166	195,598
Depreciation and amortization	90,162	85,638
Share of net earnings of equity-accounted investment	(22,090)	(13,125)
Operating income	322,038	277,631
Net financing costs	36,523	36,685
Earnings before income taxes	285,515	240,946
Income taxes	69,672	61,073
Net earnings	215,843	179,873
Basic net earnings per common share	\$0.77	\$0.63
Diluted net earnings per common share	\$0.77	\$0.63
Weighted average number of common shares outstanding:		
Basic	278,707	284,811
Diluted	279,686	286,179
Other Data		
Year-over-year sales growth	8.6%	20.7%
Comparable store sales growth ⁽¹⁾	5.6%	17.1%
Gross margin ⁽¹⁾	43.2%	42.2%
SG&A as a % of sales ⁽¹⁾	15.4%	15.1%
EBITDA ⁽¹⁾	417,743	366,269
Operating margin ⁽¹⁾	22.9%	21.4%
Capital expenditures	46,267	47,083
Number of stores ⁽²⁾	1,569	1,507
Average store size (gross square feet) ^{(2) (3)}	10,430	10,417
Declared dividends per common share	\$0.0920	\$0.0708

(dollars in thousands)

	As at	
	April 28, 2024	January 28, 2024
	\$	\$
Statement of Financial Position Data		
Cash and cash equivalents	292,602	313,915
Inventories	888,022	916,812
Total current assets	1,242,585	1,309,093
Property, plant and equipment	963,673	950,994
Right-of-use assets	2,043,791	1,788,550
Total assets	5,489,033	5,263,607
Total current liabilities	593,414	677,846
Total non-current liabilities	4,468,093	4,204,913
Total debt ⁽¹⁾	2,255,292	2,264,394
Net debt ⁽¹⁾	1,962,690	1,950,479
Shareholders' equity	427,526	380,848

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

⁽²⁾ At the end of the period.

⁽³⁾ The Corporation revised its prior years square footage information to align with its current and updated methodology.

Non-GAAP and Other Financial Measures

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

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

(A) Non-GAAP Financial Measures

EBITDA

EBITDA represents operating income plus depreciation and amortization and includes the Corporation's share of net earnings of its equity-accounted investment. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Corporation's underlying ability to generate liquidity through operating cash flows.

(dollars in thousands)

	13-Week Periods Ended	
	April 28, 2024	April 30, 2023
	\$	\$
A reconciliation of operating income to EBITDA is included below:		
Operating income	322,038	277,631
Add: Depreciation and amortization	95,705	88,638
EBITDA	417,743	366,269

Total debt

Total debt represents the sum of long-term debt (including unamortized debt issue costs, accrued interest and fair value hedge – basis adjustment), short-term borrowings under the US commercial paper program and other bank indebtedness (if any). Management believes Total debt is a measure that facilitates the understanding of the Corporation's corporate financial position in relation to its financing obligations.

(dollars in thousands)

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

Senior unsecured notes (the "Fixed Rate Notes") bearing interest at:

	As at	
	April 28, 2024	January 28, 2024
	\$	\$
Fixed annual rate of 5.165% payable in equal semi-annual instalments, maturing April 26, 2030	450,000	450,000
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029	375,000	375,000
Fixed annual rate of 5.533% payable in equal semi-annual instalments, maturing September 26, 2028	500,000	500,000
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026	375,000	375,000
Fixed annual rate of 5.084% payable in equal semi-annual instalments, maturing October 27, 2025	250,000	250,000
Unamortized debt issue costs, including \$1,176 (January 28, 2024 – \$1,320) for the credit facility	(8,467)	(9,049)
Accrued interest on the Fixed Rate Notes	14,704	21,460
Fair value hedge – basis adjustment on interest rate swap	(945)	1,983
Total debt	2,255,292	2,264,394

Net debt

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

(dollars in thousands)

	As at	
	April 28, 2024	January 28, 2024
	\$	\$
A reconciliation of total debt to net debt is included below:		
Total debt	2,255,292	2,264,394
Cash and cash equivalents	(292,602)	(313,915)
Net debt	1,962,690	1,950,479

(B) Non-GAAP Ratios

Adjusted net debt to EBITDA ratio

Adjusted net debt to EBITDA ratio is a ratio calculated using adjusted net debt over consolidated EBITDA for the last twelve months. Management uses this ratio to partially assess the financial condition of the Corporation. An increasing ratio would indicate that the Corporation is utilizing more debt per dollar of EBITDA generated.

(dollars in thousands)

	As at	
	April 28, 2024	January 28, 2024
	\$	\$
A calculation of adjusted net debt to EBITDA ratio is included below:		
Net debt	1,962,690	1,950,479
Lease liabilities	2,331,341	2,069,229
Unamortized debt issue costs, including \$1,176 (January 28, 2024 – \$1,320) for the credit facility	8,467	9,049
Fair value hedge - basis adjustment on interest rate swap	945	(1,983)
Adjusted net debt	4,303,443	4,026,774
EBITDA for the last twelve-month period	1,912,640	1,861,166
Adjusted net debt to EBITDA ratio	2.25x	2.16x

EBITDA margin

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

(dollars in thousands)

	13-Week Periods Ended	
	April 28, 2024	April 30, 2023
	\$	\$
A reconciliation of EBITDA to EBITDA margin is included below:		
EBITDA	417,743	366,269
Sales	1,405,772	1,294,549
EBITDA margin	29.7%	28.3%

(C) Supplementary Financial Measures

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