

# **Dollarama Inc.**

Condensed Interim Consolidated Financial  
Statements

**For the 13-week and 26-week periods ended  
July 28, 2024 and July 30, 2023**

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

## Dollarama Inc.

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

	Note	July 28, 2024 \$	January 28, 2024 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		271,460	313,915
Accounts receivable		35,851	32,474
Distributions receivable from equity-accounted investment		-	26,906
Prepaid expenses		18,429	13,668
Prepaid income taxes		1,811	-
Inventories		884,307	916,812
Derivative financial instruments	11	18,729	5,318
		<u>1,230,587</u>	<u>1,309,093</u>
<b>Non-current assets</b>			
Right-of-use assets	5	2,066,650	1,788,550
Property, plant and equipment		975,873	950,994
Intangible assets		181,052	167,835
Goodwill		727,782	727,782
Equity-accounted investment	6	1,050,825	319,353
Derivative on equity-accounted investment	6	81,217	-
		<u>6,313,986</u>	<u>5,263,607</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		329,903	334,357
Dividend payable		25,949	19,827
Derivative financial instruments	11	-	3,681
Income taxes payable		-	63,998
Current portion of long-term debt	7	22,776	21,460
Current portion of lease liabilities	5	240,101	234,523
		<u>618,729</u>	<u>677,846</u>
<b>Non-current liabilities</b>			
Non-current portion of long-term debt	7	2,254,206	2,242,934
Non-current portion of lease liabilities	5	2,120,869	1,834,706
Deferred income taxes		134,743	127,273
		<u>5,128,547</u>	<u>4,882,759</u>
<b>Shareholders' equity</b>			
Share capital	8	1,289,524	523,125
Contributed surplus	9	44,259	49,539
Deficit		(190,104)	(226,547)
Accumulated other comprehensive income		41,760	34,731
		<u>1,185,439</u>	<u>380,848</u>
<b>Total liabilities and shareholders' equity</b>		<u>6,313,986</u>	<u>5,263,607</u>

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

## Dollarama Inc.

### Interim Consolidated Statements of Changes in Shareholders' Equity

For the 26-week periods ended

(Unaudited, expressed in thousands of Canadian dollars, except share amounts)

	Note	Number of common shares	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total \$
<b>Balance – January 28, 2024</b>		<b>278,760,573</b>	<b>523,125</b>	<b>49,539</b>	<b>(226,547)</b>	<b>34,731</b>	<b>380,848</b>
Net earnings		-	-	-	501,785	-	501,785
Other comprehensive income		-	-	-	-	12,045	12,045
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>501,785</b>	<b>12,045</b>	<b>513,830</b>
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(5,016)	(5,016)
Dividends declared		-	-	-	(51,589)	-	(51,589)
Repurchase and cancellation of common shares	8	(3,385,857)	(11,997)	-	(406,591)	-	(418,588)
Share-based compensation, net of taxes	9	-	-	7,900	-	-	7,900
Issuance of common shares	6, 9	6,402,013	775,143	-	-	-	775,143
Reclassification for the exercise of share options	9	-	3,253	(3,253)	-	-	-
Performance share units settlement, net of taxes	9	-	-	(9,927)	(7,162)	-	(17,089)
<b>Balance – July 28, 2024</b>		<b>281,776,729</b>	<b>1,289,524</b>	<b>44,259</b>	<b>(190,104)</b>	<b>41,760</b>	<b>1,185,439</b>
<b>Balance – January 29, 2023</b>		<b>284,505,648</b>	<b>488,074</b>	<b>42,678</b>	<b>(514,078)</b>	<b>11,736</b>	<b>28,410</b>
Net earnings		-	-	-	425,635	-	425,635
Other comprehensive income		-	-	-	-	17,407	17,407
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>425,635</b>	<b>17,407</b>	<b>443,042</b>
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(12,587)	(12,587)
Dividends declared		-	-	-	(40,270)	-	(40,270)
Repurchase and cancellation of common shares	8	(2,858,160)	(5,162)	-	(242,951)	-	(248,113)
Share-based compensation, net of taxes	9	-	-	6,111	-	-	6,111
Issuance of common shares	9	1,016,613	26,997	-	-	-	26,997
Reclassification for the exercise of share options	9	-	6,148	(6,148)	-	-	-
<b>Balance – July 30, 2023</b>		<b>282,664,101</b>	<b>516,057</b>	<b>42,641</b>	<b>(371,664)</b>	<b>16,556</b>	<b>203,590</b>

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

## Dollarama Inc.

### Interim Consolidated Statements of Net Earnings and Comprehensive Income

For the 13-week and 26-week periods ended

(Unaudited, expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	13-week periods ended		26-week periods ended	
		July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
		\$	\$	\$	\$
Sales		1,563,384	1,455,936	2,969,156	2,750,485
Cost of sales	14	856,189	817,081	1,654,685	1,565,888
<b>Gross profit</b>		707,195	638,855	1,314,471	1,184,597
General, administrative and store operating expenses		212,946	198,360	430,112	393,958
Depreciation and amortization	14	94,091	85,110	184,253	170,748
Share of net earnings of equity-accounted investment	6	(22,698)	(11,371)	(44,788)	(24,496)
<b>Operating income</b>		422,856	366,756	744,894	644,387
Net financing costs	14	40,939	36,068	77,462	72,753
<b>Earnings before income taxes</b>		381,917	330,688	667,432	571,634
<b>Income taxes</b>	10	95,975	84,926	165,647	145,999
<b>Net earnings</b>		285,942	245,762	501,785	425,635
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to net earnings</i>					
Reclassification of amortization of net gains on financial instruments not subject to basis adjustments		(1,183)	(599)	(2,367)	(1,199)
Foreign currency translation adjustments		8,413	(7,213)	14,011	(1,418)
Share of other comprehensive income (loss) of equity-accounted investment	6	(9,866)	8,974	(14,088)	9,195
Income tax recovery relating to these items		314	158	627	317
<i>Items that will not be reclassified subsequently to net earnings</i>					
Unrealized gains on derivative financial instruments subject to basis adjustments		7,735	2,118	19,242	14,292
Income tax expense relating to these items		(2,047)	(56)	(5,380)	(3,780)
<b>Total other comprehensive income, net of income taxes</b>		3,366	3,382	12,045	17,407
<b>Total comprehensive income</b>		289,308	249,144	513,830	443,042
<b>Earnings per common share</b>					
Basic net earnings per common share		\$1.02	\$0.86	\$1.80	\$1.50
Diluted net earnings per common share	12	\$1.02	\$0.86	\$1.79	\$1.49
<b>Weighted average number of common shares outstanding</b> (thousands)		280,174	284,366	279,440	284,588
<b>Weighted average number of diluted common shares outstanding</b> (thousands)	12	281,149	285,243	280,427	285,789

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

## Dollarama Inc.

### Interim Consolidated Statements of Cash Flows For the 13-week and 26-week periods ended (Unaudited, expressed in thousands of Canadian dollars)

Note	13-week periods ended		26-week periods ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
	\$	\$	\$	\$
<b>Operating activities</b>				
Net earnings	285,942	245,762	501,785	425,635
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	14 101,449	90,437	197,154	179,075
Share-based compensation	9 3,854	2,461	7,832	6,111
Net financing costs	14 40,939	36,068	77,462	72,753
Deferred income taxes	6,777	135	4,250	135
Share of net earnings of equity-accounted investment	6 (22,698)	(11,371)	(44,788)	(24,496)
Interest received	8,300	2,880	17,082	10,369
Other	761	554	1,060	1,507
	<u>425,324</u>	<u>366,926</u>	<u>761,837</u>	<u>671,089</u>
Changes in non-cash working capital components	15 (3,020)	33,175	(57,569)	12,092
Net cash generated from operating activities	<u>422,304</u>	<u>400,101</u>	<u>704,268</u>	<u>683,181</u>
<b>Investing activities</b>				
Additions to equity-accounted investment	6 (5,402)	-	(5,402)	-
Distribution from equity-accounted investment	-	-	27,397	-
Additions to property, plant and equipment	(41,333)	(34,426)	(81,583)	(76,056)
Additions to intangible assets	(12,619)	(7,387)	(18,636)	(12,840)
Proceeds from disposal of property, plant and equipment	125	253	354	410
Net cash used in investing activities	<u>(59,229)</u>	<u>(41,560)</u>	<u>(77,870)</u>	<u>(88,486)</u>
<b>Financing activities</b>				
Interest paid on long-term debt and short-term borrowings	7 (18,977)	(22,441)	(52,895)	(48,563)
Payment of debt issue costs	(480)	(481)	(480)	(481)
Net payment of lease liabilities	5 (80,461)	(71,482)	(155,102)	(137,281)
Issuance of common shares	9 4,501	4,600	13,462	26,997
Dividends paid	(25,640)	(20,207)	(45,467)	(36,035)
Repurchase and cancellation of common shares	8 (263,160)	(248,113)	(408,704)	(248,113)
Performance share units settlement	9 -	-	(19,667)	-
Net cash used in financing activities	<u>(384,217)</u>	<u>(358,124)</u>	<u>(668,853)</u>	<u>(443,476)</u>
<b>Change in cash and cash equivalents</b>	(21,142)	417	(42,455)	151,219
<b>Cash and cash equivalents – beginning of period</b>	<u>292,602</u>	<u>252,063</u>	<u>313,915</u>	<u>101,261</u>
<b>Cash and cash equivalents – end of period</b>	<u>271,460</u>	<u>252,480</u>	<u>271,460</u>	<u>252,480</u>
<b>Supplemental information:</b>				
Interest paid on lease liabilities	5 (21,648)	(16,277)	(40,616)	(31,898)

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

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

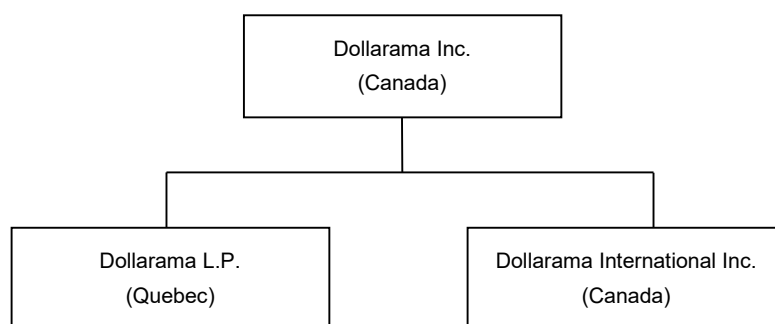
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#### 1 General information

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 July 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”.

As at July 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 equity accounted investment in Central American Retail Sourcing, Inc. (“CARS”), the parent company of entities that operate 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.

## **Dollarama Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**July 28, 2024**

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

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## **2 Basis of preparation**

The Corporation prepares its condensed interim consolidated financial statements in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the CPA Canada Handbook – Accounting under Part I, which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”. In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended January 28, 2024 (“Fiscal 2024”), which have been prepared in accordance with IFRS. In management’s opinion, the unaudited condensed interim consolidated financial statements reflect all the adjustments that are necessary for a fair presentation of the results for the interim period presented.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Corporation (the “Board of Directors”) for issue on September 11, 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 13-week and 26-week periods ended July 28, 2024 may not be representative of results for subsequent quarters or for the full fiscal year.

## **3 Summary of material accounting policy information**

These unaudited condensed interim consolidated financial statements have been prepared using the accounting policies as outlined in Note 3 to the Fiscal 2024 audited consolidated financial statements.

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

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

#### 4 Critical accounting estimates and judgments

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

These unaudited condensed interim consolidated financial statements have been prepared using the critical accounting estimates and judgments as outlined in Note 5 to the Fiscal 2024 audited consolidated financial statements.

#### 5 Leases

As at July 28, 2024, the Corporation owned two stores, one distribution centre, one warehouse and leased 1,581 stores, its head office and six warehouses.

The following table reconciles the Corporation's right-of-use assets for the 26-week periods ended on the dates indicated below:

	July 28, 2024	July 30, 2023
	\$	\$
Balance, beginning of period	1,788,550	1,699,755
Additions	411,019	163,881
Terminations and other adjustments	(3,900)	(1,243)
Depreciation	(129,019)	(117,010)
Balance, end of period	<u>2,066,650</u>	<u>1,745,383</u>

The following table reconciles the Corporation's lease liabilities for the 26-week periods ended on the dates indicated below:

	July 28, 2024	July 30, 2023
	\$	\$
Balance, beginning of period	2,069,229	1,960,743
Additions	411,019	163,881
Interest expense on lease liabilities	40,616	31,898
Disposals and other adjustments	(4,792)	(1,699)
Net payment of lease liabilities	(155,102)	(137,281)
Balance, end of period	<u>2,360,970</u>	<u>2,017,542</u>
Current portion	240,101	231,698
Non-current portion	2,120,869	1,785,844

During the 13-week and 26-week periods ended July 28, 2024, the Corporation expensed \$33,294 and \$67,437 (13-week and 26-week periods ended July 30, 2023 – \$28,355 and \$58,549), respectively, of variable lease payments, which are not included in the lease liabilities. During the 13-week and 26-week periods ended July 28, 2024, the Corporation also expensed \$2,026 and \$4,219 (13-week and 26-week periods ended July 30, 2023 – \$3,617 and \$6,410), respectively, 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.



## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

## 6 Equity-accounted investment

### a) Investment in a joint arrangement

On June 11, 2024, the Corporation acquired an additional 10.0% equity interest (the “Dollarcity Transaction”) in CARS, thereby increasing its equity interest from 50.1% to 60.1%.

The consideration for the acquisition was satisfied by the issuance of 6,060,478 common shares of the Corporation, representing a total consideration of US\$553,587 (\$761,681) based on the closing price of Dollarama’s common shares on the TSX on June 11, 2024, of which US\$58,700 (\$80,765) was allocated to the Call Option (as hereafter defined), representing the fair value at the date of the transaction, and US\$494,887 (\$680,916) was allocated to the equity-accounted investment.

The following table reconciles the carrying amount of the equity-accounted investment for the 26-week periods ended on the dates indicated below:

	July 28, 2024	July 30, 2023
	\$	\$
Balance, beginning of period	319,353	267,768
Acquisition cost	680,916	-
Transaction cost	5,402	-
Net investment	1,651	2,138
Share of net earnings <sup>(1)</sup>	44,788	24,496
Share of other comprehensive income (loss) <sup>(1)</sup>	(14,088)	9,195
Foreign currency translation adjustments	12,803	(1,739)
Balance, end of period	1,050,825	301,858

<sup>(1)</sup> The Corporation’s share of Dollarcity’s net earnings and other comprehensive income (loss) was 50.1% for the period from January 1, 2024 to June 10, 2024 and 60.1% for the period from June 11, 2024 to June 30, 2024.

### b) Derivative on equity-accounted investment

In connection with the Dollarcity Transaction, the Corporation secured an option (the “Call Option”) to acquire, at any time on or before December 31, 2027, an additional 9.89% equity interest in CARS and a corresponding proportionate 4.945% equity interest in Inversiones Comerciales Mexicana S.A (“ICM”), a new vehicle established as part of the Dollarcity group to support the future expansion of the business in Mexico.

The Call Option is measured at fair value through profit or loss (“FVTPL”) and is classified as a level 3 instrument. The fair value of the option was determined using the Black-Scholes option pricing model.

The following table reconciles the fair value of the Call Option for the 26-week periods ended on the dates indicated below:

	July 28, 2024	July 30, 2023
	\$	\$
Balance, beginning of period	-	-
Initial fair value	80,765	-
Unrealized gain/loss	-	-
Foreign currency translation adjustments	452	-
Balance, end of period	81,217	-

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

## 7 Debt

	July 28, 2024	January 28, 2024
	\$	\$
Long-term debt outstanding consists of the following as at:		
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	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
Unamortized debt issue costs, including \$1,513 (January 28, 2024 – \$1,320) for the Credit Facility (as defined herein)	(8,341)	(9,049)
Accrued interest on the Fixed Rate Notes	21,625	21,460
Long-term financing arrangements	7,045	-
Fair value hedge – basis adjustment on interest rate swap	6,653	1,983
	2,276,982	2,264,394
Current portion (includes unamortized debt issue costs, accrued interest on the Fixed Rate Notes, long-term financing arrangements and the Fixed Rate Notes with a maturity date falling within the next 53-week period, when applicable)	(22,776)	(21,460)
	2,254,206	2,242,934

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

	July 28, 2024		January 28, 2024	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
<b>Fixed Rate Notes</b>				
5.165% Fixed Rate Notes	454,393	468,261	454,198	459,567
2.443% Fixed Rate Notes	374,376	345,941	374,184	335,561
5.533% Fixed Rate Notes	507,705	524,660	507,433	518,705
1.505% Fixed Rate Notes	300,825	277,635	300,714	270,105
1.871% Fixed Rate Notes	374,718	358,860	374,561	351,596
5.084% Fixed Rate Notes	252,780	251,780	252,641	250,798
	2,264,797	2,227,137	2,263,731	2,186,332

## **Dollarama Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**July 28, 2024**

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

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## **7 Debt (cont'd)**

### **Credit Agreement**

On June 28, 2024, the Corporation and the lenders entered into a seventh amending agreement to the Third Amended and Restated Credit Agreement (the "TARCA") in order to, among other things, (i) transition from the Canadian Dollar Offered Rate (CDOR) to the Canadian Overnight Repo Rate Average (CORRA), and (ii) extend the terms of its revolving credit facilities (collectively, the "Credit Facility") such that the term of Facility A, in the amount of \$250,000, was extended from July 5, 2028 to June 28, 2029, the term of Facility B, in the amount of \$450,000, was extended from July 6, 2026 to June 28, 2027, the term of Facility C, in the amount of \$50,000, was extended from July 6, 2026 to June 28, 2027, and the term of Facility D, in the amount of \$300,000, was extended from July 3, 2024 to June 27, 2025.

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 July 28, 2024 and January 28, 2024, no amount was outstanding under the TARCA. As at July 28, 2024, \$1,048,692 was available under the Credit Facility (January 28, 2024 – \$1,049,048) and there were letters of credit issued for the purchase of inventories which amounted to \$1,308 (January 28, 2024 – \$952). As at July 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, 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"). 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.

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

#### 7 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 July 28, 2024, no amount was outstanding under the US commercial paper program (January 28, 2024 – nil).

#### 8 Shareholders' equity

##### Share capital

###### *Normal course issuer bid*

On June 20, 2024, the Canadian government enacted legislation implementing a two percent tax on repurchases made on or after January 1, 2024. As a result, the Corporation has accrued a liability of \$9,884 of income taxes payable for share repurchases made during the period from January 1, 2024 to July 28, 2024, with a corresponding increase to deficit.

On July 4, 2024, the Corporation announced the renewal of its normal course issuer bid (the "NCIB"). Pursuant to the NCIB, the Corporation may repurchase up to 16,549,476 common shares (representing 6.0% of the Corporation's public float of 275,824,605 common shares as at June 28, 2024) during the 12-month period from July 7, 2024 to July 6, 2025. All common shares purchased pursuant to the NCIB will either be cancelled or placed in trust to facilitate the holding and administering of common shares that may be purchased by the Corporation to hedge its exposure in respect of grants made under its performance share unit plan, including to settle the Corporation's obligations under such plan.

Activities under the Corporation's NCIB during the 13-week and 26-week periods ended on the dates indicated below are as follows:

	<u>13-week periods ended</u>		<u>26-week periods ended</u>	
	<u>July 28, 2024</u>	<u>July 30, 2023</u>	<u>July 28, 2024</u>	<u>July 30, 2023</u>
Number of common shares repurchased under the NCIB program	2,104,691	2,858,160	3,385,857	2,858,160
Cash consideration paid, allocated to:				
Share capital	\$9,593	\$5,162	\$11,997	\$5,162
Deficit <sup>(1)</sup>	\$263,451	\$242,951	\$406,591	\$242,951
<b>Total</b>	<u>\$273,044</u>	<u>\$248,113</u>	<u>\$418,588</u>	<u>\$248,113</u>

<sup>(1)</sup> For the 13-week and 26-week periods ended July 28, 2024, includes \$9,884 of income taxes payable for share repurchases made during the period from January 1, 2024 to July 28, 2024.

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

## 9 Share-based compensation

### a) Performance share units (“PSUs”)

During the 13-week and 26-week periods ended July 28, 2024, the Corporation recognized a share-based compensation expense for PSUs of \$2,576 and \$5,125 (13-week and 26-week periods ended July 30, 2023 – \$892 and \$3,113), respectively.

Outstanding PSUs for the 26-week periods ended on the dates indicated below are as follows:

	<b>July 28, 2024</b>	<b>July 30, 2023</b>
<b>Outstanding – beginning of period</b>	222,229	171,295
Granted	54,808	74,190
Vested	(87,847)	-
Forfeited	(2,745)	(1,655)
<b>Outstanding – end of period</b>	<b>186,445</b>	<b>243,830</b>

### b) Share options

During the 13-week and 26-week periods ended July 28, 2024, the Corporation recognized a share-based compensation expense for share options of \$1,278 and \$2,707, respectively (13-week and 26-week periods ended July 30, 2023 – \$1,569 and \$2,998, respectively).

Outstanding and exercisable share options for the 26-week periods ended on the dates indicated below are as follows:

	<b>July 28, 2024</b>		<b>July 30, 2023</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price (\$)</b>	<b>Number of share options</b>	<b>Weighted average exercise price (\$)</b>
<b>Outstanding – beginning of period</b>	2,115,097	52.73	3,358,385	40.79
Granted	166,670	111.69	247,335	81.45
Exercised	(341,535)	39.42	(1,016,613)	26.56
Forfeited	(22,214)	74.70	(12,646)	53.94
<b>Outstanding – end of period</b>	<b>1,918,018</b>	<b>59.97</b>	<b>2,576,461</b>	<b>50.24</b>
<b>Exercisable – end of period</b>	<b>1,185,919</b>	<b>49.46</b>	<b>1,528,196</b>	<b>42.34</b>

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

**July 28, 2024**

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

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#### 9 Share-based compensation (cont'd)

##### c) Deferred share units ("DSUs")

During the 13-week and 26-week periods ended July 28, 2024, the Corporation recognized a share-based compensation expense for DSUs of \$200 and \$1,135 (13-week and 26-week periods ended July 30, 2023 – \$123 and \$938), respectively, which includes the effect of equity derivatives. As at July 28, 2024, the DSU liability amounted to \$22,480 (January 28, 2024 – \$17,432) and the intrinsic value of the liability for vested benefits was \$21,505 (January 28, 2024 – \$16,579).

Outstanding DSUs for the 26-week periods ended on the dates indicated below are as follows:

	<u>July 28, 2024</u>	<u>July 30, 2023</u>
<b>Outstanding – beginning of period</b>	174,544	159,594
Granted	10,256	11,703
<b>Outstanding – end of period</b>	<u>184,800</u>	<u>171,297</u>

#### 10 Income taxes

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The statutory income tax rate for the 13-week and 26-week periods ended July 28, 2024 was 26.5% (July 30, 2023 – 26.5%). The Corporation's effective income tax rate for the 13-week and 26-week periods ended July 28, 2024 was 25.1% and 24.8%, respectively (13-week and 26-week periods ended July 30, 2023 – 25.7% and 25.5%, respectively).

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

#### 11 Financial instruments

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

A summary of the aggregate contractual nominal value, weighted average contract rate or interest rate, as applicable, statement of financial position location and estimated fair values of derivative financial instruments as at July 28, 2024 and January 28, 2024 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
	\$			\$	
<b>As at July 28, 2024</b>					
<b>Hedging instruments for the forecasted U.S. dollar merchandise purchases</b>					
USD Foreign exchange forward contracts	390,000	1.35	Current assets	12,076	Cash flow hedge
	<u>390,000</u>			<u>12,076</u>	
<b>Hedging instruments for the fixed to floating interest rate notes</b>					
CAD interest rate swap contracts	250,000	CORRA	Current assets	6,653	Fair value hedge
	<u>250,000</u>			<u>6,653</u>	
<b>Total</b>	<u>640,000</u>			<u>18,729</u>	
<b>As at January 28, 2024</b>					
<b>Hedging instruments for the forecasted U.S. dollar merchandise purchases</b>					
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
	<u>488,000</u>			<u>(346)</u>	
<b>Hedging instruments for the fixed to floating interest rate notes</b>					
CAD interest rate swap contracts	150,000	CORRA	Current assets	1,983	Fair value hedge
	<u>150,000</u>			<u>1,983</u>	
<b>Total</b>	<u>638,000</u>			<u>1,637</u>	

For the 13-week and 26-week periods ended July 28, 2024, accumulated fair value gains of \$3,638 and \$8,253, respectively, (13-week and 26-week periods ended July 30, 2023 – accumulated fair value gains of \$10,459 and \$24,088, respectively) on USD foreign exchange forward contracts recorded in the carrying value of inventory were reclassified from inventory to the cost of sales in the condensed interim consolidated statement of net earnings and comprehensive income.

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

## 12 Earnings per common share

Diluted net earnings per common share for the 13-week and 26-week periods ended on the dates indicated below were calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares as follows:

	13-week periods ended		26-week periods ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	\$285,942	\$245,762	\$501,785	\$425,635
Weighted average number of common shares outstanding during the period (thousands)	280,174	284,366	279,440	284,588
Dilutive effect of share options (thousands)	975	877	987	1,201
Weighted average number of common shares for diluted net earnings per common share (thousands)	281,149	285,243	280,427	285,789
Diluted net earnings per common share	\$1.02	\$0.86	\$1.79	\$1.49

As at July 28, 2024, 179,832 options (July 30, 2023 – 492,911) 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.

## 13 Related party transactions

### a) Entities related to the Corporation's Chief Executive Officer

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 related to the Corporation's Chief Executive Officer. 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.

As at July 28, 2024, the Corporation leased 19 stores, five warehouses and its head office from entities related to the Corporation's Chief Executive Officer 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 July 28, 2024, the outstanding balance of lease liabilities owed to entities related to the Corporation's Chief Executive Officer totalled \$255,693 (January 28, 2024 – \$14,891).

During the 13-week and 26-week periods ended July 28, 2024, the Corporation expensed \$2,181 and \$4,586 (13-week and 26-week periods ended July 30, 2023 – \$1,942 and \$4,325), respectively, of lease payments charged from entities related to the Corporation's Chief Executive Officer.



## **Dollarama Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**July 28, 2024**

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

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#### **13 Related party transactions (cont'd)**

##### **b) Dollarcity**

As at July 28, 2024, Dollarama International, a wholly-owned subsidiary of the Corporation, held a 60.1% equity interest in CARS. The Corporation accounts for its investment in Dollarcity as a joint arrangement using the equity method.

In connection with the Dollarcity Transaction, Dollarama International and Dollarcity's founding stockholders entered into an amended and restated stockholders agreement (the "Stockholders Agreement"), to reflect, among other things, the increased ownership interest of Dollarama International in ICM, the governance terms that apply to ICM and the operation of the Mexico business and the Call Option in favour of the Corporation.

Under the terms of the Stockholders Agreement, Dollarcity's founding stockholders have a put right pursuant to which they can require, in certain circumstances, that Dollarama International purchase shares of CARS held by them and their corresponding proportionate interest in ICM at fair market value. 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 and notice 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.

The business relationship of Dollarama International and Dollarcity is 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.

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

July 28, 2024

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

#### 13 Related party transactions (cont'd)

The carrying values of assets and liabilities resulting from transactions entered into with Dollarcity in connection with the aforementioned agreements are as follows:

	July 28, 2024 \$	January 28, 2024 \$
<b>Included in the Consolidated Statement of Financial Position</b>		
Accounts receivable <sup>(1)</sup>	27,121	22,521
Distributions receivable from equity-accounted investment	-	26,906
Accounts payable and accrued liabilities	3,339	8,299

<sup>(1)</sup> The accounts receivable from Dollarcity is guaranteed by a letter of credit up to US\$20,000 (\$27,672) (January 28, 2024 – US\$20,000 (\$26,906)) and includes amounts outstanding under the sourcing and services agreements, as well as other agreements in place.

Transactions entered into with Dollarcity in connection with the aforementioned agreements during the 13-week and 26-week periods ended on the dates indicated below are as follows:

	<u>13-week periods ended</u>		<u>26-week periods ended</u>	
	<u>July 28, 2024</u>	<u>July 30, 2023</u>	<u>July 28, 2024</u>	<u>July 30, 2023</u>
<b>Included in the Consolidated Statement of Net Earnings and Comprehensive Income</b>				
Sales <sup>(2)</sup>	2,871	6,080	8,277	15,763

<sup>(2)</sup> 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.

## Dollarama Inc.

### Notes to Condensed Interim Consolidated Financial Statements

**July 28, 2024**

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

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

	13-week periods ended		26-week periods ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
	\$	\$	\$	\$
<b>Cost of sales</b>				
Cost of goods sold, labour, transport and other costs	803,569	771,053	1,549,845	1,474,100
Occupancy costs	45,262	40,701	91,939	83,461
Depreciation of property, plant and equipment and right-of-use assets relating to the warehouses and distribution centre	7,358	5,327	12,901	8,327
<b>Total cost of sales</b>	<b>856,189</b>	<b>817,081</b>	<b>1,654,685</b>	<b>1,565,888</b>
<b>Depreciation and amortization</b>				
Depreciation of property, plant and equipment and right-of-use assets	87,351	79,407	171,960	159,428
Amortization of intangible assets	6,740	5,703	12,293	11,320
<b>Total depreciation and amortization</b>	<b>94,091</b>	<b>85,110</b>	<b>184,253</b>	<b>170,748</b>
<b>Employee benefits</b>	<b>161,295</b>	<b>147,309</b>	<b>326,343</b>	<b>296,558</b>
<b>Net financing cost</b>				
Interest expense on long-term debt	21,733	20,747	43,233	41,996
Interest expense on lease liabilities	21,648	16,277	40,616	31,898
Interest expense on short-term borrowing	2,786	-	7,303	4,640
Banking fees and other interest expense	1,475	1,473	2,451	2,610
Interest revenue	(6,703)	(2,429)	(16,141)	(8,391)
<b>Total net financing cost</b>	<b>40,939</b>	<b>36,068</b>	<b>77,462</b>	<b>72,753</b>

#### 15 Details of statement of cash flows

The changes in non-cash working capital components for the 13-week and 26-week periods ended on the dates indicated below are as follows:

	13-week periods ended		26-week periods ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
	\$	\$	\$	\$
Accounts receivable	(8,322)	11,248	(3,616)	20,219
Prepaid expenses	(4,761)	(930)	(4,761)	6,173
Prepaid income taxes	8,085	-	(1,811)	-
Inventories	3,715	26,753	32,505	46,240
Accounts payable and accrued liabilities	(2,057)	(15,016)	(18,811)	(30,430)
Income taxes payable	320	11,120	(61,075)	(30,110)
	<b>(3,020)</b>	<b>33,175</b>	<b>(57,569)</b>	<b>12,092</b>
Net cash paid for income taxes	90,684	73,675	234,222	175,978

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

## **Dollarama Inc.**

Notes to Condensed Interim Consolidated Financial Statements

**July 28, 2024**

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

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### **16 Event after the reporting period**

#### **Quarterly cash dividend**

On September 11, 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 November 1, 2024, to shareholders of record at the close of business on October 4, 2024. The dividend is designated as an “eligible dividend” for Canadian tax purposes.