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DOLLARAMA REPORTS FISCAL 2025 THIRD QUARTER RESULTS

- 3.3% comparable store sales[1] growth and 6.5% increase in diluted net earnings per share to $0.98
- Increases long-term store target in Canada to 2,200 stores by 2034
- Enters into agreement to acquire land in the Calgary, Alberta region to develop a logistics hub in Western Canada

MONTREAL, Quebec, December 4, 2024 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the third quarter ended October 27, 2024.

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

- Sales increased by 5.7% to $1,562.6 million, compared to $1,477.7 million
- Comparable store sales increased by 3.3%, over and above 11.1% growth in the corresponding period of the previous year
- EBITDA[1] increased by 6.5% to $509.7 million, representing an EBITDA margin[1] of 32.6%, compared to 32.4%
- Operating income increased by 5.4% to $407.5 million, representing an operating margin[1] of 26.1%, compared to 26.2%
- Diluted net earnings per common share increased by 6.5% to $0.98, compared to $0.92
- 18 net new stores opened, compared to 16 net new stores
- 1,360,635 common shares repurchased for cancellation for $186.2 million

"We are pleased with our financial results in the third quarter of fiscal 2025, with solid same store sales growth in the context of continued normalization and cautious consumer spending. Our performance demonstrates the enduring relevance of our business model for consumers from coast to coast,'' said Mr. Neil Rossy, President and CEO.

"In light of the positive customer response to our value proposition year after year and following a re-evaluation of our market potential in Canada, we are increasing our long-term target from 2,000 stores by 2031 to 2,200 stores by 2034. We are also setting in motion plans for a future logistics hub in Western Canada, in complement to our currently centralized logistics operations in the Montreal area, to support our growth and optimize our logistics for the long term," concluded 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 Third Quarter Financial Results

Sales for the third quarter of fiscal 2025 increased by 5.7% to $1,562.6 million, compared to $1,477.7 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 1,541 stores on October 29, 2023, to 1,601 stores on October 27, 2024) and increased comparable store sales.

Comparable store sales for the third quarter of fiscal 2025 increased by 3.3%, consisting of a 5.1% increase in the number of transactions and a 1.7% decrease in average transaction size, over and above comparable store sales growth of 11.1% in the corresponding period of the prior fiscal year. Comparable store sales in the third quarter of fiscal 2025 remained strong, driven by continued customer demand for consumables, offset by softer demand for seasonal items, compared to the same period last year.

Gross margin[1] reached 44.7% of sales in the third quarter of fiscal 2025, compared to 45.4% of sales in the third quarter of fiscal 2024. The decrease is mainly due to stronger sales of lower margin consumable products and higher logistics costs.

General, administrative and store operating expenses ("SG&A") for the third quarter of fiscal 2025 increased by 4.5% to $223.5 million, compared to $213.8 million for the third quarter of fiscal 2024. SG&A as a percentage of sales decreased to 14.3% for the third quarter of fiscal 2025, compared to 14.5% for the third quarter of fiscal 2024, due to the positive impact of scaling.

EBITDA totalled $509.7 million, representing an EBITDA margin of 32.6%, for the third quarter of fiscal 2025, compared to $478.8 million, or an EBITDA margin of 32.4% of sales, in the third quarter of fiscal 2024.

The Corporation's 60.1% share of Dollarcity's net earnings for the period from July 1, 2024 to September 30, 2024 amounted to $27.1 million. This compares to $18.0 million for the Corporation's 50.1% share during 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 increased by $4.9 million, from $36.7 million for the third quarter of fiscal 2024 to $41.6 million for the third quarter of fiscal 2025. The increase is mainly due to higher interest expense on lease obligations and a decrease in interest income due to lower invested capital.

Net earnings increased by 5.6% to $275.8 million, compared to $261.1 million in the third quarter of fiscal 2024, reflecting an increase in diluted net earnings per common share of 6.5% to $0.98 per diluted common share, in the third quarter of fiscal 2025.

New Long-Term Dollarama Store Target in Canada[2]

Following an updated evaluation of the market potential for Dollarama stores across Canada, management believes that the Corporation can profitably grow its Canadian store network to approximately 2,200 stores by 2034 and maintain an average new store capital payback period of approximately two years. This is an increase from Dollarama's previously disclosed long-term store target of 2,000 stores in Canada by 2031.

Factors taken into consideration and the assumptions relied upon in the establishment of the new long-term store target include the continued positive customer response to Dollarama's value proposition and the relevance of its business model, third-party analysis, the successful management of profit margins, actual and projected census and household income data, rates of per capita store penetration, historical and projected performance of comparable and new stores, the current real estate pipeline and the competitive retail, real estate, labour, economic and geopolitical conditions, and the absence of any significant change in such conditions.

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

Dollarama to Acquire Land for Development of a Logistics Hub in Western Canada[(2)]

The Corporation has entered into an agreement to acquire land in the Calgary, Alberta region for a total cash consideration of $46.7 million, subject to customary closing purchase price adjustments.

Following the closing of the transaction, which is anticipated in the fourth quarter of fiscal 2025 and subject to the satisfaction of customary closing conditions, the Corporation intends to build a warehouse and second distribution centre to service stores in Western Canada, expected to be commissioned by the end of calendar 2027. Having a two-node logistics model will enable the Corporation to optimize its warehousing and distribution operations and support its growth plans while generating cost savings.

The construction of the logistics hub, excluding land acquisition costs, is currently anticipated to require total capital expenditures of approximately $450.0 million, to be disbursed over a three-year period. Such expenditures are expected to be mainly funded with cash flow from operating activities and are not currently expected to impact the Corporation's shareholder capital return strategy.

Dollarcity Store Growth

During its third quarter ended September 30, 2024, Dollarcity opened 18 net new stores, compared to 22 net new stores in the same period last year. As at September 30, 2024, Dollarcity had 588 stores with 349 locations in Colombia, 103 in Guatemala, 75 in El Salvador and 61 in Peru. This compares to 532 stores as at December 31, 2023.

Normal Course Issuer Bid

On July 4, 2024, the Corporation announced the renewal of its normal course issuer bid and the approval from the Toronto Stock Exchange to repurchase up to 16,549,476 of its common shares, representing approximately 6.0% of the public float of 275,824,605 common shares as at June 28, 2024, during the 12-month period starting on July 7, 2024 and ending no later than July 6, 2025 (the "2024-2025 NCIB").

During the third quarter of fiscal 2025, 1,360,635 common shares were repurchased for cancellation under the 2024-2025 NCIB, for a total cash consideration of $186.2 million, representing a weighted average price of $136.84 per share, excluding the tax on share repurchases.

Dollarama Dividend

On December 4, 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 February 7, 2025 to shareholders of record at the close of business on January 10, 2025. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

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

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:

(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)	**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 [i]	$175.0 to $200.0

[i] Excludes any payment towards the $46.7 million purchase price in respect of the land purchase agreement, which is expected to close in the fourth quarter of fiscal 2025, and any future payment related to the intended development of a logistics hub in Western Canada.

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 continuing to account for its investment in Dollarcity as a joint arrangement using the equity method
- 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

The guidance ranges included in this section are forward-looking statements within the meaning of applicable securities laws, are subject to a number of risks and uncertainties and should be read in conjunction with the "Forward-Looking Statements" section of this press release.

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, including the statements relating to the Corporation's long-term store target, the proposed acquisition of land in the Calgary, Alberta region and intended development of a logistics hub in Western Canada and the Corporation's shareholder capital return strategy. 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.

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

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 third 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.ca 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 December 4, 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. All of the forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Third Quarter Results Conference Call

Dollarama will hold a conference call to discuss its fiscal 2025 third quarter results today, December 4, 2024 at 10:30 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 1,601 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 588 conveniently located stores in Colombia, Guatemala, El Salvador 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		39-week periods ended	
	October 27, 2024 $	**October 29, 2023 $**	**October 27, 2024 $**	**October 29, 2023 $**
Earnings Data				
Sales	1,562,644	1,477,692	4,531,800	4,228,177
Cost of sales	863,928	807,462	2,518,613	2,373,350
Gross profit	698,716	670,230	2,013,187	1,854,827
SG&A	223,519	213,766	653,631	607,724
Depreciation and amortization	94,788	87,797	279,041	258,545
Share of net earnings of equity-accounted investment	(27,083)	(17,989)	(71,871)	(42,485)
Operating income	407,492	386,656	1,152,386	1,031,043
Net financing costs	41,603	36,705	119,065	109,458
Earnings before income taxes	365,889	349,951	1,033,321	921,585
Income taxes	90,083	88,896	255,730	234,895
Net earnings	275,806	261,055	777,591	686,690
Basic net earnings per common share	$0.98	$0.92	$2.78	$2.42
Diluted net earnings per common share	$0.98	$0.92	$2.77	$2.41
Weighted average number of common shares outstanding:				
Basic	281,356	282,587	280,079	283,921
Diluted	282,349	283,595	281,075	285,059
Other Data				
Year-over-year sales growth	5.7%	14.6%	7.2%	18.1%
Comparable store sales growth (1)	3.3%	11.1%	4.5%	14.4%
Gross margin (1)	44.7%	45.4%	44.4%	43.9%
SG&A as a % of sales (1)	14.3%	14.5%	14.4%	14.4%
EBITDA (1)	509,677	478,803	1,451,725	1,302,265
Operating margin (1)	26.1%	26.2%	25.4%	24.4%
Capital expenditures	51,018	129,893	151,237	218,789
Number of stores (2)	1,601	1,541	1,601	1,541
Average store size (gross square feet) (2) (3)	10,454	10,415	10,454	10,415
Declared dividends per common share	$0.0920	$0.0708	$0.2760	$0.2124

(dollars in thousands)	**As at**	
	October 27, 2024	**January 28, 2024**
	$	**$**
Statement of Financial Position Data		
Cash and cash equivalents	283,044	313,915
Inventories	947,895	916,812
Total current assets	1,311,066	1,309,093
Property, plant and equipment	992,080	950,994
Right-of-use assets	2,066,380	1,788,550
Total assets	6,441,106	5,263,607
Total current liabilities	919,046	677,846
Total non-current liabilities	4,261,845	4,204,913
Total debt (1)	2,284,758	2,264,394
Net debt (1)	2,001,714	1,950,479
Shareholders' equity	1,260,215	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. A reconciliation of operating income to EBITDA is included below:

	13-week periods ended		39-week periods ended	
(dollars in thousands)	October 27, 2024 $	October 29, 2023 $	October 27, 2024 $	October 29, 2023 $
Operating income	407,492	386,656	1,152,386	1,031,043
Add: Depreciation and amortization	102,185	92,147	299,339	271,222
EBITDA	**509,677**	**478,803**	**1,451,725**	**1,302,265**

Total debt

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

(dollars in thousands)	As at	
Senior unsecured notes (the "Fixed Rate Notes") bearing interest at:	October 27, 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 $1,371 (January 28, 2024 – $1,320) for the credit facility	(7,754)	(9,049)
Accrued interest on the Fixed Rate Notes	26,354	21,460
Long-term financing arrangement	7,133	-
Fair value hedge – basis adjustment on interest rate swap	9,025	1,983
Total debt	**2,284,758**	**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 equivalents. A reconciliation of total debt to net debt is included below:

(dollars in thousands)	As at	
	October 27, 2024 $	January 28, 2024 $
Total debt	2,284,758	2,264,394
Cash and cash equivalents	(283,044)	(313,915)
Net debt	**2,001,714**	**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. A calculation of adjusted net debt to EBITDA ratio is included below:

(dollars in thousands)	As at	
	October 27, 2024 $	**January 28, 2024 $**
Net debt	2,001,714	1,950,479
Lease liabilities	2,370,031	2,069,229
Unamortized debt issue costs, including $1,371 (January 28, 2024 - $1,320) for the credit facility	7,754	9,049
Fair value hedge - basis adjustment on interest rate swap	(9,025)	(1,983)
Adjusted net debt	**4,370,474**	**4,026,774**
EBITDA for the last twelve-month period	2,010,626	1,861,166
Adjusted net debt to EBITDA ratio	**2.17x**	**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. A reconciliation of EBITDA to EBITDA margin is included below:

	13-week periods ended		39-week periods ended	
(dollars in thousands)	**October 27, 2024 $**	**October 29, 2023 $**	**October 27, 2024 $**	**October 29, 2023 $**
EBITDA	509,677	478,803	1,451,725	1,302,265
Sales	1,562,644	1,477,692	4,531,800	4,228,177
EBITDA margin	**32.6%**	**32.4%**	**32.0%**	**30.8%**

(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.