Dollarama Inc.

Consolidated Financial Statements

February 2, 2025 and January 28, 2024

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

Independent auditor's report

To the Shareholders of Dollarama Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dollarama Inc. and its subsidiaries (together, the Corporation) as at February 2, 2025 and January 28, 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at February 2, 2025 and January 28, 2024;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of net earnings and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended February 2, 2025. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of inventories *Refer to note 3 – Material accounting policy information and note 5 – Critical accounting estimates and judgments to the consolidated financial statements.* As at February 2, 2025, the Corporation held inventories of $921.1 million. The Corporation's inventories at the distribution centre, warehouses and stores consist of merchandise purchased and held for resale and are valued at the lower of cost and net realizable value. Cost is determined at the distribution centre and warehouses on a weighted average cost basis and is then assigned to store inventories using the retail inventory method. The Corporation estimates its inventory provisions based on the consideration of a variety of factors, including inventory shrinkage. We considered this a key audit matter due to the magnitude of the inventory balance, the high number of locations where inventories were held at and the judgment applied by management in determining the appropriate inventory provisions, such as shrinkage.	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of relevant controls relating to the inventory process, including controls around inventory balances at year-end, existence of inventory and the mathematical accuracy of the weighted average cost method and the retail inventory method. • For a sample of inventory items, valued using the weighted average cost method, traced the underlying data to recent purchase invoices. • For a sample of retail inventory items, traced the actual selling price in store to underlying data used in the retail inventory method calculation. • For a sample of stores, observed the inventory count process and performed independent test counts during the year. • For the distribution centre, observed the inventory count process and performed an independent test count at year-end. • Performed analytical procedures on inventory balances at year-end. • Tested how management developed the inventory shrinkage provision: – Evaluated the appropriateness of the Corporation's inventory shrinkage provision method. – Tested the underlying data used in the inventory shrinkage provision.

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 3, 2025

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

Dollarama Inc.

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

	Note	February 2, 2025 $	January 28, 2024 $
Assets			
Current assets			
Cash and cash equivalents		122,685	313,915
Accounts receivable	17	46,638	32,474
Distributions receivable from equity-accounted investment	9, 17	54,620	26,906
Prepaid expenses		13,911	13,668
Inventories		921,095	916,812
Derivative financial instruments	15	42,331	5,318
		1,201,280	1,309,093
Non-current assets			
Right-of-use assets	6	2,109,445	1,788,550
Property, plant and equipment	7	1,046,390	950,994
Intangible assets	8	180,689	167,835
Goodwill	8	727,782	727,782
Equity-accounted investment	9	1,131,650	319,353
Derivative on equity-accounted investment	9	85,356	-
Total assets		6,482,592	5,263,607
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	354,900	334,357
Dividend payable	12	25,558	19,827
Derivative financial instruments	15	-	3,681
Income taxes payable		81,372	63,998
Current portion of long-term debt	11	273,771	21,460
Current portion of lease liabilities	6	278,705	234,523
		1,014,306	677,846
Non-current liabilities			
Non-current portion of long-term debt	11	2,008,908	2,242,934
Non-current portion of lease liabilities	6	2,148,272	1,834,706
Deferred income taxes	14	122,848	127,273
Total liabilities		5,294,334	4,882,759
Shareholders' equity			
Share capital	12	1,275,702	523,125
Treasury shares	12	(20,000)	-
Contributed surplus	13	51,718	49,539
Deficit	12	(225,301)	(226,547)
Accumulated other comprehensive income	12	106,139	34,731
Total shareholders' equity		1,188,258	380,848
Total liabilities and shareholders' equity		6,482,592	5,263,607

Approved by the Board of Directors

(signed) "Stephen Gunn"
Stephen Gunn, Director

(signed) "Huw Thomas"
Huw Thomas, Director

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

Dollarama Inc.

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

	Note	Number of common shares	Share capital $	Treasury shares $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total $
Balance – January 28, 2024	12	278,760,573	523,125	-	49,539	(226,547)	34,731	380,848
Net earnings		-	-	-	-	1,168,545	-	1,168,545
Other comprehensive income		-	-	-	-	-	86,309	86,309
Total comprehensive income		-	-	-	-	1,168,545	86,309	1,254,854
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	-	(14,901)	(14,901)
Dividends declared	12	-	-	-	-	(102,971)	-	(102,971)
Repurchase and cancellation of common shares	12	(8,119,971)	(33,742)	-		(1,057,166)	-	(1,090,908)
Repurchase of treasury shares	12	-	-	(20,000)	-	-	-	(20,000)
Share-based compensation, net of taxes	13, 14	-	-	-	16,972	-	-	16,972
Issuance of common shares	9, 13	6,536,727	781,453	-	-	-	-	781,453
Reclassification for the exercise of share options	13	-	4,866	-	(4,866)	-	-	-
Performance share units settlement, net of taxes	13	-	-	-	(9,927)	(7,162)	-	(17,089)
Balance – February 2, 2025	12	277,177,329	1,275,702	(20,000)	51,718	(225,301)	106,139	1,188,258
Balance – January 29, 2023	12	284,505,648	488,074	-	42,678	(514,078)	11,736	28,410
Net earnings		-	-	-	-	1,010,460	-	1,010,460
Other comprehensive income		-	-	-	-	-	44,882	44,882
Total comprehensive income		-	-	-	-	1,010,460	44,882	1,055,342
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	-	(21,887)	(21,887)
Dividends declared	12	-	-	-	-	(80,130)	-	(80,130)
Repurchase and cancellation of common shares	12	(7,125,730)	(13,070)	-	-	(642,799)	-	(655,869)
Share-based compensation, net of taxes	13, 14	-	-	-	15,714	-	-	15,714
Issuance of common shares	13	1,380,655	39,268	-	-	-	-	39,268
Reclassification for the exercise of share options	13	-	8,853	-	(8,853)	-	-	-
Balance – January 28, 2024	12	278,760,573	523,125	-	49,539	(226,547)	34,731	380,848

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

Dollarama Inc.

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

	Note	February 2, 2025	January 28, 2024
		$	$
Sales		6,413,145	5,867,348
Cost of sales	18	3,519,399	3,253,907
Gross profit		2,893,746	2,613,441
General, administrative and store operating expenses		930,168	844,871
Depreciation and amortization	18	382,805	348,142
Share of net earnings of equity-accounted investment	9	(129,905)	(75,293)
Operating income		1,710,678	1,495,721
Net financing costs	18	163,782	144,842
Earnings before income taxes		1,546,896	1,350,879
Income taxes	14	378,351	340,419
Net earnings		1,168,545	1,010,460
Other comprehensive income			
Items that may be reclassified subsequently to net earnings			
Realized gains on financial instruments not subject to basis adjustments		-	13,841
Reclassification of amortization of net gains on financial instruments not subject to basis adjustments		(4,826)	(3,237)
Foreign currency translation adjustments		76,436	4,004
Share of other comprehensive income (loss) of equity-accounted investment	9	(23,480)	23,249
Income tax recovery (expense) relating to these items		1,277	(2,807)
Items that will not be reclassified subsequently to net earnings			
Unrealized gains on derivative financial instruments subject to basis adjustments		50,582	12,984
Income tax expense relating to these items		(13,680)	(3,152)
Total other comprehensive income, net of income taxes		86,309	44,882
Total comprehensive income		1,254,854	1,055,342
Earnings per common share			
Basic net earnings per common share	16	$4.18	$3.57
Diluted net earnings per common share	16	$4.16	$3.56
Weighted average number of common shares outstanding (thousands)	16	279,825	283,074
Weighted average number of diluted common shares outstanding (thousands)	16	280,819	284,168

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

Dollarama Inc.

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

	Note	February 2, 2025	January 28, 2024
		$	$
Operating activities			
Net earnings		1,168,545	1,010,460
Adjustments to reconcile net earnings to net cash generated from operating activities:			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	18	411,151	365,445
Share-based compensation	13	15,507	13,102
Net financing costs	18	163,782	144,842
Deferred income taxes	14	(10,618)	(10,237)
Share of net earnings of equity-accounted investment	9	(129,905)	(75,293)
Interest received		29,414	27,580
Other		3,015	2,511
		1,650,891	1,478,410
Changes in non-cash working capital components	19	(6,752)	52,544
Net cash generated from operating activities		1,644,139	1,530,954
Investing activities			
Addition to equity-accounted investment	9	(5,402)	-
Distributions from equity-accounted investment	9,17	27,397	26,960
Additions to property, plant and equipment	7	(212,828)	(252,673)
Additions to intangible assets	8	(34,041)	(26,091)
Proceeds from disposal of property, plant and equipment		736	938
Net cash used in investing activities		(224,138)	(250,866)
Financing activities			
Proceeds from long-term debt issued	11	-	500,000
Repayment of long-term debt	11	-	(500,000)
Interest paid on long-term debt, long-term financing arrangements and short-term borrowings	11	(105,071)	(100,811)
Payment of debt issue costs	11	(480)	(2,896)
Proceeds on bond forward settlement		-	13,841
Net payment of lease liabilities	6	(317,829)	(284,836)
Issuance of common shares	13	19,772	39,268
Dividends paid	12	(97,244)	(76,131)
Repurchase and cancellation of common shares	12	(1,070,712)	(655,869)
Repurchase of treasury shares	12	(20,000)	-
Performance share units settlement	13	(19,667)	-
Net cash used in financing activities		(1,611,231)	(1,067,434)
Change in cash and cash equivalents		(191,230)	212,654
Cash and cash equivalents – beginning of year		313,915	101,261
Cash and cash equivalents – end of year		122,685	313,915
Supplemental information:			
Interest paid on lease liabilities	6	86,730	66,587

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

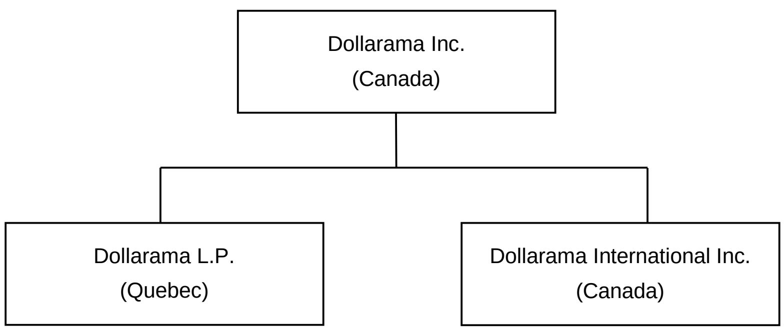
1 General information

Dollarama Inc. (together with its consolidated subsidiaries, 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 February 2, 2025, the Corporation maintains retail operations in every Canadian province as well as in the Yukon and Northwest Territories.

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

The Corporation’s fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks. However, as is traditional with the retail calendar, every five or six years, a week is added to the fiscal year. The fiscal year ended January 28, 2024 was comprised of 52 weeks whereas the fiscal year ended February 2, 2025 was comprised of 53 weeks.

As at February 2, 2025, 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 60.1% equity-accounted investment in Central American Retail Sourcing, Inc. (“CARS”), a corporation organized under the laws of Panama and the parent company of entities which operate stores located in El Salvador, Guatemala, Colombia and Peru by offering 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).

Dollarama International also has a 80.05% equity-accounted investment in Inversiones Comerciales Mexicanas S.A (“ICM”, and together with CARS and their respective subsidiaries, the “Dollarcity Group” or “Dollarcity”), a corporation organized under the laws of Panama and the parent company of entities established for the future expansion of the operations of Dollarcity in Mexico.

2 Basis of preparation

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

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

These consolidated financial statements were approved by the board of directors of the Corporation (the "Board of Directors") for issue on April 3, 2025.

Seasonality of operations

The Corporation's sales generally increase ahead of major holidays, with December representing the highest proportion of sales, but otherwise experience limited seasonal fluctuations. However, the occurrence of certain events that are beyond the Corporation's control, such as unusually adverse weather or an epidemic or pandemic outbreak, and that cause disruption in its operations could materially adversely affect the business and financial results of the Corporation. Consequently, results for the periods ended February 2, 2025 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Material accounting policy information

Principles of consolidation and equity accounting

Subsidiaries

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

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

3 Material accounting policy information (cont'd)

Investment in joint arrangements

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

A joint arrangement is classified as either a joint operation or joint venture depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Corporation classifies its arrangements with Dollarcity as joint ventures accounted for using the equity method since, under the terms of the amended and restated stockholders agreement (the "Stockholders Agreement") entered into in June 2024 among Dollarama International and Dollarcity's founding stockholders, certain specified strategic and operational decisions with respect to CARS and ICM are currently subject to the approval of all stockholders. These include, but are not limited to, decisions related to capital structure, nature of the business, merger and acquisition activities, declaration and payment of dividends, executive officer appointments and remuneration, approval of annual budget and business plan, and any entry into a new country.

Dollarcity's reporting period ends on December 31, and adjustments are made to align accounting policies, incorporate significant transactions between December 31 and the Corporation's fiscal year end and eliminate the Corporation's share of unrealized gains and losses from transactions between the Corporation and Dollarcity.

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

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

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the Corporation operates and has been determined for each consolidated entity within the Corporation. The consolidated financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

Translation of foreign currency transactions and balances into functional currency

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the date of the statement of financial position. Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction. Gains and losses resulting from currency translations are recognized in net earnings, except where hedge accounting is applied as described below under "Derivative financial instruments".

3 Material accounting policy information (cont'd)

Translation of functional currency into presentation currency

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

Segment information

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

Financial assets

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

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

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

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

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

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

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

3 Material accounting policy information (cont'd)

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

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

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

Financial liabilities

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

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

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

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

Derivative financial instruments

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

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

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period, or non-current assets or liabilities if their maturity exceeds 12 months. The Corporation applies the hedge accounting requirements of IFRS 9, "Financial Instruments" to all existing qualifying hedge relationships.

3 Material accounting policy information (cont'd)

Cash flow hedges

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

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

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

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

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

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

Fair value hedges

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

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

3 Material accounting policy information (cont'd)

Derivatives where hedge accounting is not applied

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

Property, plant and equipment

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

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

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

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

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

Goodwill and intangible assets

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

Intangible assets with finite lives subject to amortization

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

3 Material accounting policy information (cont'd)

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

Intangible assets with indefinite lives not subject to amortization and goodwill

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

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

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

Impairment of non-financial assets

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

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

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

3 Material accounting policy information (cont'd)

Cash and cash equivalents

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

Inventories

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

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

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

Accounts payable and accrued liabilities

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

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

Provisions

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

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

3 Material accounting policy information (cont'd)

Share capital

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

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

Treasury shares

The Corporation established an employee benefit plan trust for purposes of facilitating the holding and administering of common shares that may be purchased from time to time to hedge the Corporation's exposure in respect of grants made under its performance share unit plan. The shares repurchased are held in trust as treasury shares and are recorded as a reduction of equity, at acquisition cost, until released into circulation when performance share units ("PSUs") settle.

Dividends declared

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

Short-term employee benefits

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

Income taxes

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

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

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

3 Material accounting policy information (cont'd)

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

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

Revenue recognition

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

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

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

Gross versus net

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

Cost of sales

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

3 Material accounting policy information (cont'd)

Vendor rebates

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

General, administrative and store operating expenses

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

Earnings per common share

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

Share-based compensation

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

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

Share options

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

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

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

3 Material accounting policy information (cont'd)

Performance share units

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

Deferred share units

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

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

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

Leases

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

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

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

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

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

3 Material accounting policy information (cont'd)

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

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

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

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

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

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

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

4 New accounting standards

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Corporation is currently assessing the impact of the new standard on its consolidated financial statements.

4 New accounting standards (cont'd)

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

5 Critical accounting estimates and judgments

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

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

Valuation of inventories

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

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

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

Lease term

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

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

6 Leases

As at February 2, 2025, the Corporation owned four stores, one distribution centre, one warehouse and leased 1,612 stores, its head office and six warehouses.

The initial lease term of stores typically runs for a period of approximately 10 years. Leases may include one or more options to renew the lease for additional periods of five years each after the end of the initial term. These terms are used to maximize operational flexibility in terms of managing contracts. Extension options held are either at a fixed rate or at fair market value and are exercisable only by the Corporation and not by the respective lessor. During the year, the financial impact of revising the lease terms to reflect the effect of exercising extension options was an increase in recognized lease liabilities of $34,950 (January 28, 2024 – $29,496).

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

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

	February 2, 2025 $	**January 28, 2024 $**
Balance, beginning of year	1,788,550	1,699,755
Additions	590,609	327,777
Terminations and other adjustments	(871)	(370)
Depreciation	(268,843)	(238,612)
Balance, end of year	2,109,445	1,788,550

The following table reconciles the Corporation's lease liabilities for the fiscal years ended on the dates indicated below:

	February 2, 2025 $	**January 28, 2024 $**
Balance, beginning of year	2,069,229	1,960,743
Additions	590,609	327,777
Interest expense on lease liabilities	86,730	66,587
Disposals and other adjustments	(1,762)	(1,042)
Net payment of lease liabilities	(317,829)	(284,836)
Balance, end of year	2,426,977	2,069,229
Current portion	278,705	234,523
Non-current portion	2,148,272	1,834,706

During the fiscal year ended February 2, 2025, the Corporation expensed $131,405 (January 28, 2024 – $114,771) of variable lease payments, which are not included in the lease liabilities. The Corporation also expensed $8,431 (January 28, 2024 – $10,447) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

As at February 2, 2025, the Corporation had future undiscounted minimum lease payments of $167,265 (January 28, 2024 – $159,456) for leases committed to but not yet commenced.

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

7 Property, plant and equipment

	Land	Buildings and roofs	Store and warehouse equipment	Computer equipment	Vehicles	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance January 28, 2024	160,254	89,699	778,538	95,693	6,587	618,500	1,749,271
Additions	58,018	5,666	60,760	10,784	2,105	75,495	212,828
Disposal			(1,009)	-	(1,704)	(2,938)	(5,651)
Balance February 2, 2025	218,272	95,365	838,289	106,477	6,988	691,057	1,956,448
Accumulated depreciation							
Balance January 28, 2024	-	13,469	424,029	67,003	2,672	291,104	798,277
Depreciation	-	2,402	57,524	10,992	1,304	44,016	116,238
Disposal	-	-	(949)	-	(1,276)	(2,232)	(4,457)
Balance February 2, 2025	-	15,871	480,604	77,995	2,700	332,888	910,058
Net book value							
Balance February 2, 2025	218,272	79,494	357,685	28,482	4,288	358,169	1,046,390
Cost							
Balance January 29, 2023	70,345	89,662	695,964	83,172	5,858	559,337	1,504,338
Additions	89,909	37	84,085	13,286	2,522	62,834	252,673
Disposal	-	-	(1,511)	(765)	(1,793)	(3,671)	(7,740)
Balance January 28, 2024	160,254	89,699	778,538	95,693	6,587	618,500	1,749,271
Accumulated depreciation							
Balance January 29, 2023	-	11,134	374,685	57,611	2,862	255,296	701,588
Depreciation	-	2,335	50,855	10,157	1,170	39,406	103,923
Disposal	-	-	(1,511)	(765)	(1,360)	(3,598)	(7,234)
Balance January 28, 2024	-	13,469	424,029	67,003	2,672	291,104	798,277
Net book value							
Balance January 28, 2024	160,254	76,230	354,509	28,690	3,915	327,396	950,994

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

8 Intangible assets and goodwill

	Computer software $	Trade name [1] $	Total intangible assets $	Goodwill $
Cost				
Balance January 28, 2024	221,785	108,200	329,985	727,782
Additions	39,121	-	39,121	-
Disposal	(417)	-	(417)	-
Balance February 2, 2025	260,489	108,200	368,689	727,782
Accumulated amortization				
Balance January 28, 2024	162,150	-	162,150	-
Amortization	26,070	-	26,070	-
Disposal	(220)	-	(220)	-
Balance February 2, 2025	188,000	-	188,000	-
Net book value				
Balance February 2, 2025	72,489	108,200	180,689	727,782
Cost				
Balance January 29, 2023	195,694	108,200	303,894	727,782
Additions	26,091	-	26,091	-
Balance January 28, 2024	221,785	108,200	329,985	727,782
Accumulated amortization				
Balance January 29, 2023	139,240	-	139,240	-
Amortization	22,910	-	22,910	-
Balance January 28, 2024	162,150	-	162,150	-
Net book value				
Balance January 28, 2024	59,635	108,200	167,835	727,782

(1) Intangible assets with indefinite lives are not subject to amortization.

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

9 Equity-accounted investment

a) Investment in joint arrangements

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 transaction also involved the establishment of ICM, in which the Corporation holds a 80.05% indirect equity interest, as the parent company of the entities established for the future expansion of the operations of Dollarcity in Mexico.

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 fiscal years ended on the dates indicated below:

	CARS	
	February 2, 2025 $	**January 28, 2024 $**
Balance, beginning of year	319,353	267,768
Acquisition cost	680,916	-
Transaction cost	5,402	-
Net investment	4,419	3,634
Share of net earnings (1)	129,905	75,293
Share of other comprehensive income (loss) (1)	(23,480)	23,249
Distributions	(54,620)	(53,866)
Foreign currency translation adjustments	69,755	3,275
Balance, end of year	1,131,650	319,353

(1) The Corporation’s share of net earnings and other comprehensive income (loss) of CARS 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 December 31, 2024.

During the year ended on February 2, 2025, ICM did not carry any significant operations.

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

9 Equity-accounted investment (cont'd)

The summarised financial information disclosed reflects the amounts presented in the financial statements of CARS, amended to reflect adjustments made by the Corporation when using the equity method, including fair value adjustments and modifications for differences in accounting policy, and reconciles this information to the carrying amount of the Corporation's equity-accounted investment on the dates indicated below:

	December 31, 2024 $	December 31, 2023 $
Summarised Consolidated Statement of Financial Position		
Cash and cash equivalents	195,306	125,667
Other current assets	427,890	488,782
Non-current assets	1,017,918	878,591
Total assets	1,641,114	1,493,040
Current financial liabilities, excluding trade, other payables and provisions	178,365	147,483
Other current liabilities	336,761	280,102
	515,126	427,585
Non-current financial liabilities, excluding trade, other payables and provisions	569,212	651,417
Other non-current liabilities	676	7,022
Total liabilities	1,085,014	1,086,024
Net assets	556,100	407,016
Dollarama's share in %	60.1%	50.1%
Dollarama's share in Dollarcity's net asset	334,216	203,915
Goodwill and intangible assets with indefinite lives not subject to amortization	797,434	115,438
Carrying amount of equity-accounted investment	1,131,650	319,353
Summarised Consolidated Statements of Net Earnings		
Sales	1,753,232	1,379,380
Net earnings	234,063	150,285
Other comprehensive income (loss)	(40,644)	46,406
Total comprehensive income	193,419	196,691
Share of net earnings [(1)]	129,905	75,293
Share of other comprehensive income (loss) [(1)]	(23,480)	23,249
Share of total comprehensive income	106,425	98,542

[(1)] The Corporation's share of net earnings and other comprehensive income (loss) of CARS 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 December 31, 2024.

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

9 Equity-accounted investment (cont'd)

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 4.945% equity interest in ICM. 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 fiscal years ended on the dates indicated below:

	February 2, 2025 $	**January 28, 2024 $**
Balance, beginning of period	-	-
Initial fair value	80,765	-
Unrealized gain/loss	-	-
Foreign currency translation adjustments	4,591	-
Balance, end of period	85,356	-

10 Accounts payable and accrued liabilities

	February 2, 2025 $	**January 28, 2024 $**
Trade accounts payable	117,414	109,399
Employee benefits payable	100,810	89,196
Inventories in transit	44,676	45,941
Sales tax payable	4,004	11,826
Rent and other expenses	87,996	77,995
	354,900	334,357

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

11 Debt

Long-term debt outstanding consists of the following as at:	February 2, 2025 $	January 28, 2024 $
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 $1,219 (January 28, 2024 – $1,320) for the Credit Facility (as defined herein)	(7,092)	(9,049)
Accrued interest on the Fixed Rate Notes	22,330	21,460
Long-term financing arrangements	5,080	-
Fair value hedge – basis adjustment on interest rate swap	12,361	1,983
	2,282,679	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 52-week period, when applicable)	(273,771)	(21,460)
	2,008,908	2,242,934

The table below provides the carrying values and fair values of the Fixed Rate Notes as at February 2, 2025 and January 28, 2024. The fair values of the Fixed Rate Notes were determined as a level 2 in the fair value hierarchy.

	February 2, 2025		January 28, 2024	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Fixed Rate Notes				
5.165% Fixed Rate Notes	454,771	480,443	454,198	459,567
2.443% Fixed Rate Notes	374,646	359,258	374,184	335,561
5.533% Fixed Rate Notes	507,822	534,915	507,433	518,705
1.505% Fixed Rate Notes	301,029	287,922	300,714	270,105
1.871% Fixed Rate Notes	375,018	368,996	374,561	351,596
5.084% Fixed Rate Notes	253,171	253,220	252,641	250,798
	2,266,457	2,284,754	2,263,731	2,186,332

11 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 February 2, 2025 and January 28, 2024, no amount was outstanding under the TARCA. As at February 2, 2025, $1,048,627 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 $1,373 (January 28, 2024 – $952). As at February 2, 2025, 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 may not exceed US$700,000. The Corporation uses derivative financial instruments to convert the net proceeds from the issuance of USCP Notes into Canadian dollars and uses those proceeds for general corporate purposes.

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

11 Debt (cont'd)

The USCP Notes are direct unsecured obligations of the Corporation and rank equally and *pari passu* with all of its other unsecured and unsubordinated indebtedness. The USCP Notes are unconditionally guaranteed by Dollarama L.P. and Dollarama GP Inc., each a wholly-owned subsidiary of the Corporation. The Corporation's Credit Facility serves as a liquidity backstop for the repayment of the USCP Notes. As at February 2, 2025, no amount was outstanding under the US commercial paper program (January 28, 2024 – nil).

12 Shareholders' equity

a) 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 recognized $22,694 of taxes on shares repurchased and cancelled during the period from January 1, 2024 to February 2, 2025, with a corresponding increase to deficit, of which $2,498 was paid as at February 2, 2025.

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 are either cancelled or placed in trust to hedge the Corporation's exposure in respect of grants made under its performance share unit plan, including to settle the Corporation's obligations under such plan.

During the fiscal years ended on the dates indicated below, shares repurchased for cancellation under the Corporation's NCIB programs were as follows:

	February 2, 2025	**January 28, 2024**
Number of common shares repurchased and cancelled under the NCIB programs	8,119,971	7,125,730
Cash consideration paid, allocated to:		
Share capital	$33,742	$13,070
Deficit [(1)]	$1,057,166	$642,799
Total	$1,090,908	$655,869

(1) For the year ended February 2, 2025, includes $22,694 of taxes on share repurchases made during the period from January 1, 2024 to February 2, 2025, of which $2,498 was paid during the year.

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

12 Shareholders' equity (cont'd)

During the fiscal years ended on the dates indicated below, shares repurchased under the Corporation's NCIB programs and held under the employee benefit plan trust to hedge the Corporation's exposure in respect of PSU grants were as follows:

	February 2, 2025		January 28, 2024	
	Number of common shares	**Amount ($)**	**Number of common shares**	**Amount ($)**
Balance, beginning of year	-	-	-	-
Treasury shares acquired	143,699	20,000	-	-
Treasury shares settled	-	-	-	-
Balance, end of year	143,699	20,000	-	-

The employee benefit plan trust is considered a structured entity and is consolidated in the Corporation's financial statements.

b) Common shares authorized

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

	February 2, 2025		January 28, 2024	
	Number of common shares	**Amount ($)**	**Number of common shares**	**Amount ($)**
Balance, beginning of year	278,760,573	523,125	284,505,648	488,074
Cancellation under NCIB	(8,119,971)	(33,742)	(7,125,730)	(13,070)
Issuance of common shares	6,536,727	786,319	1,380,655	48,121
Balance, end of year	277,177,329	1,275,702	278,760,573	523,125

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

12 Shareholders' equity (cont'd)

c) Accumulated other comprehensive income

The following table reconciles the components of accumulated other comprehensive income for the fiscal years ended on the dates indicated below:

	February 2, 2025	**January 28, 2024**
	$	**$**
Accumulated other comprehensive income – beginning of year	34,731	11,736
Net change in fair value of foreign exchange forward contracts subject to basis adjustments	50,582	12,984
Realized gains on bond forward contracts not subject to basis adjustments	-	13,841
Amortization of net gains on bond forward contracts not subject to basis adjustments	(4,826)	(3,237)
Foreign currency translation adjustments	76,436	4,004
Share of other comprehensive income (loss) of equity-accounted investment	(23,480)	23,249
Income tax expense thereon	(12,403)	(5,959)
Total other comprehensive income, net of income tax recovery	86,309	44,882
Transfer of realized cash flow hedge gains to inventory	(20,266)	(29,766)
Income tax expense thereon	5,365	7,879
Accumulated other comprehensive income – end of year	106,139	34,731

d) Dividends

The table below outlines the amount of dividends recognized as distributions to holders of common shares in the consolidated statement of changes in shareholders' equity during each quarter of the fiscal years ended February 2, 2025 and January 28, 2024.

For the quarters ending	**April 28, 2024**	**July 28, 2024**	**October 27, 2024**	**February 2, 2025**
Dividend declared	$25,640	$25,949	$25,828	$25,558
Dividend per common share	$0.0920	$0.0920	$0.0920	$0.0920
Declaration date	April 3, 2024	June 11, 2024	September 10, 2024	December 3, 2024
Payment date	May 3, 2024	August 2, 2024	November 1, 2024	February 7, 2025

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

12 Shareholders' equity (cont'd)

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

13 Share-based compensation

a) Performance share units

During the fiscal year ended February 2, 2025, the Corporation recognized a share-based compensation expense for PSUs of $9,934 (January 28, 2024 – $8,285).

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

	February 2, 2025	January 28, 2024
Outstanding – beginning of year	222,229	171,295
Granted	55,059	74,556
Settled	(87,847)	-
Forfeited	(4,361)	(23,622)
Outstanding – end of year	185,080	222,229

b) Share options

During the fiscal year ended February 2, 2025, the Corporation recognized a share-based compensation expense for share options of $5,573 (January 28, 2024 – $4,817).

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

	February 2, 2025		January 28, 2024	
	Number of share options	Weighted average exercise price ($)	Number of share options	Weighted average exercise price ($)
Outstanding – beginning of year	2,115,097	52.73	3,358,385	40.79
Granted	166,670	111.69	264,885	82.16
Exercised	(476,249)	41.52	(1,380,655)	28.44
Forfeited	(29,235)	74.16	(127,518)	62.28
Outstanding – end of year	1,776,283	60.92	2,115,097	52.73
Exercisable – end of year	1,056,815	49.94	1,166,068	45.04

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

13 Share-based compensation (cont'd)

Information relating to share options outstanding and exercisable as at February 2, 2025 is as follows:

	Share options outstanding			Share options exercisable		
Range of exercise prices	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price ($)**	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price ($)**
$30.20 - $42.49	45	254,500	37.20	45	254,500	37.20
$42.50 - $47.34	64	437,200	46.80	64	320,800	46.80
$47.35 - $53.88	39	221,100	51.09	39	221,100	51.09
$53.89 - $65.15	74	274,600	56.50	74	148,200	56.50
$65.16 - $77.62	86	203,387	73.79	86	72,272	73.79
$77.63 - $111.69	103	385,496	94.57	99	39,943	82.40
	71	1,776,283	60.92	58	1,056,815	49.94

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

	February 2, 2025	**January 28, 2024**
Exercise price per share	$111.69	$82.16
Dividend yield	0.3%	0.3%
Risk-free interest rate	3.6%	2.9%
Expected life	6.1 years	6.1 years
Expected volatility	25.7%	26.3%
Weighted average fair value of share options estimated at the grant date	$35.68	$25.41

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

c) Deferred share units

During the fiscal year ended February 2, 2025, the Corporation recognized a share-based compensation expense for DSUs of $1,510 (January 28, 2024 – $2,266), which includes the effect of equity derivatives. As at February 2, 2025, the DSU liability amounted to $26,934 (January 28, 2024 – $17,432) and the intrinsic value of the liability for vested benefits was $25,910 (January 29, 2023 – $16,579).

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

13 Share-based compensation (cont'd)

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

	February 2, 2025	January 28, 2024
Outstanding – beginning of year	174,544	159,594
Granted	12,702	14,950
Outstanding – end of year	187,246	174,544

14 Income taxes

a) Income taxes

	February 2, 2025 $	January 28, 2024 $
Current tax expense in respect of the current year	388,969	350,656
Deferred tax expense relating to the origination and reversal of temporary differences	(10,618)	(10,237)
Income taxes	378,351	340,419

The effective income tax rates are different from the combined Canadian federal and provincial statutory income tax rates. The consolidated statements of net earnings and comprehensive income contain items that are non-taxable or non-deductible for income tax purposes, which cause the income tax expense to differ from what it would have been if based on statutory tax rates. The following table presents the reconciliation of the effective income tax rate to the income tax expense calculated at statutory tax rates:

	February 2, 2025 $	January 28, 2024 $
Combined statutory Canadian federal and provincial tax rates	26.5%	26.5%
Increase (decrease) in the income tax rate resulting from:		
Permanent differences	(2.1%)	(1.3%)
Other	0.1%	-
Tax expense	24.5%	25.2%

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.

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

14 Income taxes (cont'd)

b) Deferred income tax

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

	February 2, 2025 $	January 28, 2024 $
Non-deductible reserves	36,862	31,234
Lease obligations	640,751	547,649
Derivative financial instruments	-	1,533
Deferred tax asset	677,613	580,416
Property, plant and equipment	658,473	574,535
Intangible assets and goodwill	136,168	133,154
Derivative financial instruments	5,820	-
Deferred tax liability	800,461	707,689
	122,848	127,273

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

	February 2, 2025 $	January 28, 2024 $
Net deferred income tax liabilities – beginning of year	127,273	144,848
Deferred tax recovery recorded in net earnings	(10,618)	(10,237)
Deferred tax on PSUs charged against equity	(1,464)	(2,612)
Deferred tax expense (recovery) recorded in other comprehensive income (loss)	7,657	(4,726)
Net deferred income tax liabilities – end of year	122,848	127,273

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

15 Financial instruments

Exposure and management of risk

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

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

a) Measurement categories

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

	February 2, 2025 $	January 28, 2024 $
Assets		
Amortized cost		
Cash and cash equivalents	122,685	313,915
Accounts receivable	46,638	32,474
Distributions receivable from equity-accounted investment	54,620	26,906
Total amortized cost	223,943	373,295
Fair value through profit or loss		
Derivative financial instruments (1)	42,331	5,318
Liabilities		
Amortized cost		
Trade payable and accrued liabilities (2)	344,238	320,135
Dividend payable	25,558	19,827
Lease liabilities	2,426,977	2,069,229
Long-term debt	2,282,679	2,264,394
Total amortized cost	5,079,452	4,673,585
Fair value through profit or loss		
Derivative financial instruments (1)	-	3,681

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

15 Financial instruments (cont'd)

Fair value measurements

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

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

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

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

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

b) Derivatives

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

The Corporation has master netting agreements for the vast majority of derivative contracts but no amounts have been netted as at February 2, 2025 or January 28, 2024.

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

15 Financial instruments (cont'd)

A summary of the aggregate contractual nominal value, weighted average contract rate or interest rate, as applicable, statement of financial position location and estimated fair values of derivative financial instruments as at February 2, 2025 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
	$			$	
As at February 2, 2025					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	581,000	1.39	Current assets	29,970	Cash flow hedge
	581,000			29,970	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	250,000	CORRA	Current assets	12,361	Fair value hedge
	250,000			12,361	
Total	831,000			42,331	
As at January 28, 2024					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	265,000	1.33	Current assets	3,335	Cash flow hedge
USD Foreign exchange forward contracts	223,000	1.36	Current liabilities	(3,681)	Cash flow hedge
	488,000			(346)	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	150,000	CORRA	Current assets	1,983	Fair value hedge
	150,000			1,983	
Total	638,000			1,637	

15 Financial instruments (cont'd)

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

For the fiscal year ended February 2, 2025, accumulated fair value gains of $17,728 (January 28, 2024 – $37,052) on USD foreign exchange forward contracts recorded in the carrying value of inventory were reclassified from inventory to the cost of sales in the consolidated statement of net earnings and comprehensive income.

Hedge ineffectiveness

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

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

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

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

c) Market risk

i. <u>Foreign exchange risk</u>

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

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

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

15 Financial instruments (cont'd)

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

For the fiscal year ended February 2, 2025, accumulated fair value gains of $20,266 (January 28, 2024 – $29,766) on foreign exchange forward contracts were reclassified from accumulated other comprehensive income to the carrying value of inventory.

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

As at February 2, 2025 and January 28, 2024, a variation in the CAD of 10% against the USD on monetary accounts in USD would, all other variables constant, have an approximate favorable/unfavorable impact of approximately $1,465 and $2,789 on net earnings, respectively.

ii. Interest rate risk

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

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

As at February 2, 2025, 100% (January 28, 2024 – 100%) of the Corporation's long-term debt carried a fixed interest rate and none (January 28, 2024 – none) carried a variable interest rate.

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

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

As at February 2, 2025, a variation of 100 basis points of the CORRA rate would, all other variables constant, have a favorable/unfavorable impact of approximately $1,838 on net earnings (January 28, 2024 – $1,103).

15 Financial instruments (cont'd)

iii. Price risk

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

d) Credit risk

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

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

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

For purposes of testing the impairment of financial assets, the Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at February 2, 2025, a significant portion of the accounts receivable are secured by letters of credit. The expected credit loss allowance recorded for accounts receivable was not significant as at February 2, 2025 and January 28, 2024.

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

e) Liquidity risk

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

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

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

15 Financial instruments (cont'd)

As at February 2, 2025, the Corporation had Fixed Rate Notes outstanding for an aggregate principal amount of $2,250,000 (January 28, 2024 – $2,250,000) and had authorized and available credit in the amount of $1,048,627 under the Credit Facility (January 28, 2024 – $1,049,048), none of which was reserved to serve as a backstop for outstanding amounts under the US commercial paper program (refer to Note 11).

Management estimates that, as at February 2, 2025 and January 28, 2024, the average time to maturity of the Corporation's committed debt portfolio, which consists of the Fixed Rate Notes, amounts drawn on the Credit Facility and the USCP Notes, was 3.3 years and 4.3 years, respectively.

The table below analyzes the Corporation's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at February 2, 2025. Trade payable and accrued liabilities exclude liabilities that are not contractual (such as income tax liabilities that are created as a result of statutory requirements imposed by governments).

	Less than 3 months	**3 months to 1 year**	**1-5 years**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Trade payable and accrued liabilities	344,238	-	-	-	344,238
Dividend payable	25,558	-	-	-	25,558
Lease liabilities [1]	104,132	259,033	1,188,633	1,434,795	2,986,593
Long-term financing arrangements	-	1,864	3,727	-	5,591
Principal repayment on:					
5.165% Fixed Rate Notes	-	-	-	450,000	450,000
2.443% Fixed Rate Notes	-	-	375,000	-	375,000
5.533% Fixed Rate Notes	-	-	500,000	-	500,000
1.505% Fixed Rate Notes	-	-	300,000	-	300,000
1.871% Fixed Rate Notes	-	-	375,000	-	375,000
5.084% Fixed Rate Notes	-	250,000	-	-	250,000
Interest payments on:					
5.165% Fixed Rate Notes	11,621	11,621	92,970	11,621	127,833
2.443% Fixed Rate Notes	-	9,161	32,064	-	41,225
5.533% Fixed Rate Notes	13,833	13,833	82,994	-	110,660
1.505% Fixed Rate Notes	2,258	2,258	9,029	-	13,545
1.871% Fixed Rate Notes	-	7,016	3,508	-	10,524
5.084% Fixed Rate Notes	6,355	6,355	-	-	12,710
	507,995	561,141	2,962,925	1,896,416	5,928,477

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

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

15 Financial instruments (cont'd)

f) Capital management

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

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

The Corporation's objectives when managing capital are to:

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

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

The Corporation is subject to financial covenants under the TARCA and the trust indenture governing the Fixed Rate Notes, which are measured on a quarterly basis. These covenants include a leverage ratio and an interest coverage ratio. As at February 2, 2025, the Corporation was in compliance with all such covenants.

16 Earnings per common share

a) Basic

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

	February 2, 2025	January 28, 2024
Net earnings attributable to shareholders of the Corporation	$1,168,545	$1,010,460
Weighted average number of common shares outstanding during the year (thousands)	279,825	283,074
Basic net earnings per common share	$4.18	$3.57

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

16 Earnings per common share (cont'd)

b) Diluted

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

	February 2, 2025	January 28, 2024
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	$1,168,545	$1,010,460
Weighted average number of common shares outstanding during the year (thousands)	279,825	283,074
Dilutive effect of share options (thousands)	994	1,094
Weighted average number of common shares for diluted net earnings per common share (thousands)	280,819	284,168
Diluted net earnings per common share	$4.16	$3.56

As at February 2, 2025, 161,061 share options (January 28, 2024 – 238,899) 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.

17 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 February 2, 2025, 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.

17 Related party transactions (cont'd)

As at February 2, 2025, the outstanding balance of lease liabilities owed to entities related to the Corporation's Chief Executive Officer totalled $271,824 (January 28, 2024 – $14,891).

During the fiscal year ended February 2, 2025, the Corporation expensed $9,549 (January 28, 2024 – $8,825), of lease payments charged from entities related to the Corporation's Chief Executive Officer.

b) Dollarcity

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. Any exercise of the put right by the Dollarcity founding stockholders must include their corresponding proportionate interests in ICM. The Stockholders Agreement, as amended in connection with the Dollarcity Transaction also includes drag-along and tag-along rights in respect of CARS and ICM. The put right can, prior to February 4, 2027, be exercised for up to 14.9% of all shares of CARS outstanding.

As at February 2, 2025, Dollarama International, a wholly-owned subsidiary of the Corporation, held a 60.1% equity interest in CARS and a 80.05% equity interest in ICM.

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.

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

17 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 for fiscal years ended on the dates indicated below are as follows:

	February 2, 2025 $	January 28, 2024 $
Included in the Consolidated Statement of Financial Position		
Accounts receivable [(1)]	39,251	22,521
Distributions receivable from equity-accounted investment	54,620	26,906
Accounts payable and accrued liabilities	8,316	8,299

[(1)] The accounts receivable from Dollarcity is guaranteed by a letter of credit up to US$20,000 ($29,082) (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 fiscal years ended on the dates indicated below are as follows:

	February 2, 2025 $	January 28, 2024 $
Included in the Consolidated Statement of Net Earnings and Comprehensive Income		
Sales [(1)]	16,357	22,037

[(1)] 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.

c) Compensation of key management and directors

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

	February 2, 2025 $	January 28, 2024 $
Short-term benefits	11,321	13,264
Defined contribution pension plan	86	80
Share-based payments	11,477	9,275
	22,884	22,619

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

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

	February 2, 2025 $	January 28, 2024 $
Cost of sales		
Cost of goods sold, labour, transport and other costs	3,303,535	3,067,321
Occupancy costs	187,518	169,283
Depreciation of property, plant and equipment and right-of-use assets relating to the warehouses and distribution centre	28,346	17,303
Total cost of sales	3,519,399	3,253,907
Depreciation and amortization		
Depreciation of property, plant and equipment and right-of-use assets	356,735	325,232
Amortization of intangible assets	26,070	22,910
Total depreciation and amortization	382,805	348,142
Employee benefits [1]		
Remuneration for services rendered	732,408	668,626
Post-employment benefits	35,584	31,312
Share-based compensation	15,507	13,102
Defined contribution pension plan	8,730	7,961
Total employee benefit expense	792,229	721,001
Net financing cost		
Interest expense on long-term debt and long-term financing arrangements	87,489	87,548
Interest expense on lease liabilities	86,730	66,587
Interest expense on short-term borrowing	13,235	13,088
Banking fees and other interest expense	4,801	4,869
Interest revenue	(28,473)	(27,250)
Total net financing cost	163,782	144,842

(1) Comparative figures have been adjusted to reflect the current fiscal year presentation, which provides more relevant and reliable information to the users of these financial statements.

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

19 Details of statement of cash flows

a) Changes in non-cash working capital

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

	February 2, 2025	January 28, 2024
	$	$
Accounts receivable	(12,495)	24,111
Prepaid expenses	(242)	9,794
Inventories	(4,283)	40,362
Accounts payable and accrued liabilities	(10,343)	(10,375)
Income taxes payable	20,611	(11,348)
	(6,752)	52,544
Net cash paid for income taxes	391,052	362,001

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

b) Financing activities

Changes in liabilities arising from financing activities comprise the following:

	February 2, 2025			January 28, 2024		
	Short-term borrowings	Long-term debt	Lease liabilities	Short-term borrowings	Long-term debt	Lease liabilities
	$	$	$	$	$	$
Balance, beginning of year	-	2,264,394	2,069,229	-	2,251,903	1,960,743
Non-cash changes:						
Amortization of debt issue costs	-	2,437	-	-	2,596	-
Financing costs	13,235	87,489	86,730	13,088	87,548	66,587
Long-term financing arrangements	-	8,499	-	-	-	-
Other	-	10,378	-	-	8,150	-
Net increase in lease liabilities	-	-	588,847	-	-	326,735
Cash changes:						
Repayments of long-term debt	-	-	-	-	(500,000)	-
Issuance of long-term debt	-	-	-	-	500,000	-
Payment of interest on long-term debt	-	(86,280)	-	-	(82,907)	-
Payment of debt issue costs	-	(480)	-	-	(2,896)	-
Payment on long-term financing arrangements	-	(3,758)	-	-	-	-
Payment of interest on short-term borrowings	(13,235)	-	-	(13,088)	-	-
Net payment of lease liabilities	-	-	(317,829)	-	-	(284,836)
Balance, end of year	-	2,282,679	2,426,977	-	2,264,394	2,069,229

20 Events after the reporting period

Quarterly cash dividend

On April 3, 2025, the Corporation announced that its Board of Directors approved a 15.0% increase of the quarterly cash dividend for holders of common shares, from $0.0920 to $0.1058 per common share. This dividend is payable on May 9, 2025 to shareholders of record at the close of business on April 18, 2025. The dividend is designated as an “eligible dividend” for Canadian tax purposes.

Proposed Acquisition of TRS and Expansion in Australia

On March 26, 2025, the Corporation announced that it has entered into a definitive agreement to acquire all the issued and outstanding ordinary shares of The Reject Shop Limited (“TRS”) for an all cash consideration of A$6.68 per ordinary share, which values TRS’s ordinary share capital at approximately A$259,000 ($233,000) (The “TRS Acquisition”). This strategic acquisition aims to establish a new and complementary growth platform in support of the Corporation's long-term growth strategy.

The purchase price will be funded through a mix of cash on hand and available liquidities under Dollarama’s revolving Credit Facility. The transaction is subject to customary closing conditions, including, among other things, an independent expert concluding that the scheme of arrangement is in the best interests of TRS shareholders, TRS shareholders’ approval, and the receipt of necessary regulatory and court approvals. Closing of the TRS Acquisition is expected to occur in the second half of calendar 2025. The results of the acquired business will be consolidated from the date of closing.