



DOLLARAMA INC. MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended February 2, 2025

April 3, 2025

The following management's discussion and analysis ("MD&A") dated April 3, 2025 is intended to assist readers in understanding the business environment, strategies, performance and risk factors of Dollarama Inc. (together with its consolidated subsidiaries, referred to as "Dollarama", the "Corporation", "we", "us" or "our"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Corporation's financial results for the fourth quarter and fiscal year ended February 2, 2025. This MD&A should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes for Fiscal 2025 (as hereinafter defined).

Unless otherwise indicated and as hereinafter provided, all financial information in this MD&A as well as the Corporation's audited annual consolidated financial statements for Fiscal 2025 (as hereinafter defined) have been prepared 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").

The Corporation manages its business on the basis of one reportable segment. The functional and reporting currency of the Corporation is the Canadian dollar.

Accounting Periods

All references to "Fiscal 2023" are to the Corporation's fiscal year ended January 29, 2023; to "Fiscal 2024" are to the Corporation's fiscal year ended January 28, 2024; to "Fiscal 2025" are to the Corporation's fiscal year ended February 2, 2025; and to "Fiscal 2026" are to the Corporation's fiscal year ending February 1, 2026.

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. Fiscal 2024 was comprised of 52 weeks whereas Fiscal 2025 is comprised of 53 weeks.

Forward-Looking Statements

Certain statements in this MD&A about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the intended development of a logistics hub in Western Canada; the Corporation's shareholder capital return strategy; global supply chain challenges; the liquidity position of the Corporation; the refinancing of the 5.084% Fixed Rate Notes (defined hereinafter) maturing October 27, 2025; the potential accretive effect of the normal course issuer bid; the impact of minimum wage increases on administrative and store operating expenses; Dollarcity and certain terms and conditions of the Stockholders Agreement (as such terms are hereinafter defined); the declaration and payment of dividends by Dollarcity; the proposed acquisition by the Corporation of TRS (defined hereinafter), including regarding the anticipated timing of the completion of the acquisition and certain anticipated benefits of the proposed the acquisition.

Forward-looking statements are based on information currently available to management and on estimates and assumptions made by management regarding, among other things, general economic and geopolitical conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the following factors which are discussed in greater detail in the "Risks and Uncertainties" section of this MD&A: future increases in operating costs (including increases in statutory minimum wages), future increases in merchandise costs (including as a result of rising raw material costs and tariff disputes), future increases in shipping, transportation and other logistics costs (including as a result of freight costs, fuel price increases and detention costs), increase in the cost or a disruption in the flow of imported goods (including as a result of global supply chain disruptions and the geopolitical instability triggered by the increased tensions between China and the Western countries), failure to maintain brand image and reputation, inability to sustain assortment and replenishment of merchandise, disruption of distribution infrastructure, inability to increase warehouse and distribution centre capacity in a timely manner, inability to enter into or renew, as applicable, store and warehouse leases on favourable and competitive terms, inventory shrinkage, seasonality, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign operations, foreign exchange rate fluctuations, potential losses associated with using derivative financial instruments, interest rate risk associated with variable rate indebtedness, level of indebtedness and inability to generate sufficient cash to service debt, any exercise by Dollarcity's founding stockholders of their put right, changes in creditworthiness and credit rating and the potential increase in the cost of capital, increases in taxes and changes in applicable tax laws or the interpretation thereof, competition in the retail industry (including from online retailers), disruptive technologies, general economic conditions, departure of senior executives, failure to attract and retain quality employees, disruption in information technology systems, inability to protect systems against cyber attacks, unsuccessful execution of the growth strategy (including failure to identify and develop new growth opportunities), any failure to satisfy the necessary closing conditions regarding the proposed acquisition of TRS in a timely manner, or at all, and any delay or failure to close the TRS Acquisition, the Corporation's inability to successfully integrate TRS' business upon completion of the proposed acquisition of TRS, any failure to realize anticipated benefits from the acquisition of TRS, holding company structure, adverse weather, earthquakes and other natural disasters, geopolitical events and political unrest in foreign countries, pandemic or epidemic outbreaks, unexpected costs associated with current insurance programs, product liability claims and product recalls, regulatory environment, class action lawsuits and other litigation, environmental compliance, climate change, and shareholder activism.

These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Corporation's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as at April 3, 2025 and management has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Recent Events

Proposed Acquisition of TRS and Expansion in Australia

On March 26, 2025, the Corporation announced that it entered into a definitive agreement to acquire all the issued and outstanding ordinary shares of The Reject Shop Limited ("TRS"), a discount retailer in Australia, for an all cash consideration of A\$6.68 per ordinary share, which values TRS's ordinary share capital at approximately A\$259.0 million (\$233.0 million) (the "TRS Acquisition"). Headquartered in Melbourne, TRS has a store network of more than 390 locations across Australia. Its offering includes private-label and national brand products. TRS generated consolidated sales of A\$866.0 million (\$779.0 million) for the last twelve-month period ended December 29, 2024, and employs over 5,000 people. The TRS Acquisition aims to establish a new and complementary growth platform in support of the Corporation's long-term growth strategy.

TRS may, subject to the terms of the definitive agreement entered into in connection with the TRS Acquisition, pay a fully franked special dividend of up to A\$0.77 per share, with the amount of that dividend to be deducted from the cash consideration to be paid by the Corporation in connection with the TRS Acquisition. The cash consideration to be paid by the Corporation in connection with the TRS Acquisition will not be reduced by the fully franked interim dividend of A\$0.12 per share which was determined on February 20, 2025 and is due to be paid by TRS on May 1, 2025. The purchase price will be funded through a mix of cash on hand and available liquidities under the Corporation's Credit Facility (as hereinafter defined). Completion of the TRS Acquisition is subject to customary closing conditions, including 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.

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.

Dollarcity Dividend

On December 5, 2024, Dollarcity's board of directors approved a cash dividend totaling US\$62.5 million. Dollarama's share of the dividend corresponded to US\$37.6 million (\$54.6 million), reflecting its 60.1% ownership in Dollarcity, and was received in the first quarter of Fiscal 2026. Going forward, dividends are expected to be declared and paid by Dollarcity twice annually.

Overview

Our Business

As at February 2, 2025, the Corporation had 1,616 stores in Canada, including 65 net new stores opened during Fiscal 2025, and continues to expand its network across the country. Stores average 10,458 square feet and offer a broad assortment of consumable products, general merchandise and seasonal items, including private label and nationally branded products, all at compelling values. Merchandise is sold in individual or multiple units at select, fixed price points up to \$5.00. All stores are corporately operated, providing a consistent shopping experience, and many are located in high-traffic areas in metropolitan areas, mid-sized cities and small towns.

The Corporation has partnerships with third-party online delivery platforms offering same-day delivery to customer homes to provide additional convenience to Canadian customers. A selection of products from the broader consumable, general merchandise and seasonal offering are available for purchase by the unit.

The Corporation's strategy is to grow sales, operating income, net earnings, earnings per share and cash flows by expanding its Canadian store network and by offering a compelling value proposition on a wide variety of merchandise to a broad base of customers. The Corporation continually strives to maintain and improve the efficiency of its operations.

The Corporation is also focused on supporting the growth of its 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). The Corporation 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, planned for the summer of 2025. As at December 31, 2024, Dollarcity had a total of 632 stores (compared to 532 as at December 31, 2023) with 368 locations in Colombia, 108 in Guatemala, 77 in El Salvador, and 79 in Peru. Refer to the sections entitled "Factors Affecting Results of Operations – Sales" and "Related Party Transactions – Dollarcity".

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

- Sales increased by 14.8% to \$1,881.3 million, compared to \$1,639.2 million
- Comparable store sales⁽¹⁾ increased by 4.9%, over and above 8.7% growth in the corresponding period of the previous year
- EBITDA⁽¹⁾ increased by 19.9% to \$670.1 million, representing an EBITDA margin⁽¹⁾ of 35.6%, compared to 34.1%
- Operating income increased by 20.1% to \$558.3 million, representing an operating margin⁽¹⁾ of 29.7%, compared to 28.3%
- Diluted net earnings per common share increased by 21.7% to \$1.40, compared to \$1.15
- 15 net new stores opened, compared to 10 net new stores
- 3,373,479 common shares repurchased for cancellation for \$473.3 million, excluding the tax on share repurchases

Fiscal 2025 Highlights Compared to Fiscal 2024 Results

- Sales increased by 9.3% to \$6,413.1 million, compared to \$5,867.3 million
- Comparable store sales increased by 4.6%, over and above 12.8% growth in the corresponding period of the previous year
- EBITDA increased by 14.0% to \$2,121.8 million, representing an EBITDA margin of 33.1%, compared to 31.7%
- Operating income increased by 14.4% to \$1,710.7 million, representing an operating margin of 26.7%, compared to 25.5%
- Diluted net earnings per common share increased by 16.9% to \$4.16, compared to \$3.56
- 65 net new stores opened, same as prior year, bringing total store count to 1,616
- 8,119,971 common shares repurchased for cancellation for \$1,068.2 million, excluding the tax on share repurchases

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

Fiscal 2025 Performance Compared to Guidance

A summary of how the Corporation performed against Fiscal 2025 guidance is contained in the Corporation's press release dated April 3, 2025 under the heading "Fiscal 2026 Outlook and Capital Allocation Strategy". The press release is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.dollarama.com.

Factors Affecting Results of Operations

Sales

The Corporation recognizes revenue from the sale of products or the rendering of services as the performance obligations are fulfilled.

All sales are final. Revenue is shown net of sales tax and discounts. Gift cards sold are recorded as a liability, and revenue is recognized when gift cards are redeemed.

Sales consist of comparable store sales and new store sales as well as sales to third parties.

Comparable store sales represent sales from Dollarama stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year. The primary drivers of comparable store sales performance are changes in the number of transactions and the average transaction size. To increase comparable store sales, the Corporation focuses on offering a wide selection of quality merchandise at attractive values in well-designed, consistent and convenient store formats.

Under the sourcing agreement and the services agreement entered into between Dollarama International Inc. ("Dollarama International"), the wholly-owned subsidiary through which the Corporation holds its equity interests in CARS and ICM, the Corporation recognizes revenue based on the amounts billed to Dollarcity when the Corporation acts as the principal. Otherwise, the Corporation recognizes the net amount that it retains as revenue. Refer to section entitled "Dollarcity" for additional details.

Historically, our lowest sales results have occurred during the first quarter whereas our highest sales results have occurred during the fourth quarter, with December representing the highest proportion of sales. Our sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween, but we otherwise experience limited seasonal sales fluctuations and expect this trend to continue. That said, the occurrence of unusually adverse weather causing disruption in our business activities or operations during a peak season such as the winter holidays or around other major holidays and celebrations or for a prolonged period of time could have an adverse effect on our distribution network and on store traffic, which could materially adversely affect our business and financial results. Refer to the section of this MD&A entitled "Risks and Uncertainties" for a discussion on the risks associated with seasonality and business continuity.

Cost of Sales

Our cost of sales consists mainly of inventory purchased, the variable and non-indexed portion of store occupancy costs that are excluded from the lease liability under IFRS 16, shipping and transportation costs (which are largely variable and proportional to our sales volume) as well as warehouse and distribution centre occupancy costs. We record vendor rebates, consisting of volume purchase rebates, when it is probable that they will be received and the amounts can reasonably be estimated. The rebates are recorded as a reduction of inventory purchases or, if the related inventory has been sold, as a reduction of the cost of sales.

Although cost increases, including raw material costs, can negatively affect our business, our multiple price point product offering provides some flexibility to react to and offset, at least partially, those cost increases.

Since the Corporation purchases goods in currencies other than the Canadian dollar, our cost of sales is affected by fluctuations in foreign currencies against the Canadian dollar. In particular, we mainly purchase our imported merchandise from suppliers in China with U.S. dollars. Therefore, our cost of sales is impacted indirectly by the fluctuation of the Chinese renminbi against the U.S. dollar and directly by the fluctuation of the U.S. dollar against the Canadian dollar.

While we enter into foreign exchange forward contracts to hedge a significant portion of our exposure to fluctuations in the value of the U.S. dollar against the Canadian dollar (generally nine to twelve months in advance), we do not hedge our exposure to fluctuations in the value of the Chinese renminbi against the U.S. dollar.

Shipping and transportation costs are also a significant component of our cost of sales.

The occupancy costs included in our cost of sales are mainly comprised of variable and non-indexed rental expenses for our stores that are excluded from the lease liability under IFRS 16. Fixed and indexed rental payments are recognized as a lease liability under IFRS 16. Occupancy costs have generally increased over the years. Management believes

that it is generally able to negotiate leases at competitive market rates and does not anticipate material rate increases in the short to medium term. Typically, store leases are signed with base terms of ten years and one or more renewal options of five years each.

We strive to maintain a sustainable gross margin, aimed at achieving a healthy balance between maximizing returns to shareholders and offering a compelling value to our customers. The gross margin varies on a quarterly basis as a result of fluctuations in product margins, product mix and/or fluctuations in logistics and transportation costs, among other factors. Our current target is to refresh approximately 25% to 30% of our offering on an annual basis.

General, Administrative and Store Operating Expenses

General, administrative and store operating expenses ("SG&A") consist of store labour, which is primarily variable and proportional to our sales volume, as well as general store maintenance costs, salaries and related benefits of corporate and field management team members, administrative office expenses, professional fees, and other related expenses, all of which are primarily fixed. Although our average store hourly wage rate is higher than the statutory minimum wage, a significant increase in the statutory minimum wage would significantly increase our payroll costs unless we realize offsetting productivity improvements and other store cost reductions.

Economic or Industry-Wide Factors Affecting the Corporation

The Corporation operates in the value retail industry, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. In addition to the competition from other dollar stores, the Corporation faces competition to an even greater extent from variety and discount stores, convenience stores and mass merchants operating in Canada, many of which operate stores in the areas where the Corporation operates, offer products substantially similar to those offered by Dollarama and engage in extensive advertising and marketing efforts. Moreover, as a result of the Corporation's broad offering of general merchandise, consumable products and seasonal items, it faces competition from various speciality retailers, including in the stationery, hardware, household ware, grocery, health and beauty and arts and crafts categories, whose product offerings overlap with a subset of the Corporation's product offering. Additionally, the Corporation competes with a number of companies for prime retail site locations in Canada and for the recruitment and retention of qualified employees.

Selected Consolidated Financial Information

The following tables set out selected financial information for the periods indicated. The selected consolidated financial information set out below as at February 2, 2025, January 28, 2024 and January 29, 2023 has been derived from the Corporation's audited annual consolidated financial statements and notes for Fiscal 2025, Fiscal 2024 and Fiscal 2023.

	14-week period ended	13-week period ended	53-week period ended	52-week period ended	52-week period ended
<i>(dollars and shares in thousands, except per share amounts)</i>	February 2, 2025	January 28, 2024	February 2, 2025	January 28, 2024	January 29, 2023
	\$	\$	\$	\$	\$
Earnings Data					
Sales	1,881,345	1,639,171	6,413,145	5,867,348	5,052,741
Cost of sales	1,000,786	880,557	3,519,399	3,253,907	2,854,535
Gross profit	880,559	758,614	2,893,746	2,613,441	2,198,206
SG&A	276,537	237,147	930,168	844,871	720,312
Depreciation and amortization	103,764	89,597	382,805	348,142	331,792
Share of net earnings of equity-accounted investment	(58,034)	(32,808)	(129,905)	(75,293)	(45,399)
Operating income	558,292	464,678	1,710,678	1,495,721	1,191,501
Net financing costs	44,717	35,384	163,782	144,842	115,394
Earnings before income taxes	513,575	429,294	1,546,896	1,350,879	1,076,107
Income taxes	122,621	105,524	378,351	340,419	274,244
Net earnings	390,954	323,770	1,168,545	1,010,460	801,863
Basic net earnings per common share	\$1.40	\$1.15	\$4.18	\$3.57	\$2.77
Diluted net earnings per common share	\$1.40	\$1.15	\$4.16	\$3.56	\$2.76
Weighted average number of common shares outstanding:					
Basic	279,118	280,533	279,825	283,074	289,412
Diluted	280,091	281,456	280,819	284,168	291,005
Other Data					
Year-over-year sales growth	14.8%	11.3%	9.3%	16.1%	16.7%
Comparable store sales growth ⁽¹⁾	4.9%	8.7%	4.6%	12.8%	12.0%
Gross margin ⁽¹⁾	46.8%	46.3%	45.1%	44.5%	43.5%
SG&A as a % of sales ⁽¹⁾	14.7%	14.5%	14.5%	14.4%	14.3%
EBITDA ⁽¹⁾	670,104	558,901	2,121,829	1,861,166	1,523,293
Operating margin ⁽¹⁾	29.7%	28.3%	26.7%	25.5%	23.6%
Capital expenditures ⁽²⁾	95,632	59,975	246,869	278,764	156,827
Number of stores ⁽³⁾	1,616	1,551	1,616	1,551	1,486
Average store size (gross square feet) ⁽³⁾	10,458	10,422	10,458	10,422	10,407
Declared dividends per common share	\$0.0920	\$0.0708	\$0.3680	\$0.2832	\$0.2212

DOLLARAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 3, 2025

(dollars in thousands)

Statement of Financial Position Data

	As at		
	February 2, 2025	January 28, 2024	January 29, 2023
	\$	\$	\$
Cash and cash equivalents	122,685	313,915	101,261
Inventories	921,095	916,812	957,172
Total current assets	1,201,280	1,309,093	1,156,947
Property, plant and equipment	1,046,390	950,994	802,750
Right-of-use assets	2,109,445	1,788,550	1,699,755
Total assets	6,482,592	5,263,607	4,819,656
Total current liabilities	1,014,306	677,846	1,162,874
Total non-current liabilities	4,280,028	4,204,913	3,628,372
Total debt ⁽¹⁾	2,282,679	2,264,394	2,251,903
Net debt ⁽¹⁾	2,159,994	1,950,479	2,150,642
Shareholders' equity	1,188,258	380,848	28,410

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

⁽²⁾ For Fiscal 2025, capital expenditures included \$46.7 million for the cost of the land in the Calgary, Alberta region and \$4.9 million in land development costs. For Fiscal 2024, capital expenditures included the cost of the property acquisition which closed on August 16, 2023 for a total capital cost of \$88.1 million.

⁽³⁾ At the end of the period.

Results of Operations

Analysis of Results for the Fourth Quarter of Fiscal 2025

The following section provides an overview of the Corporation's financial performance during the fourth quarter of Fiscal 2025 compared to the fourth quarter of Fiscal 2024.

Sales

Sales for the fourth quarter of Fiscal 2025 increased by 14.8% to \$1,881.3 million, compared to \$1,639.2 million for the fourth quarter of Fiscal 2024. This increase was driven by growth in the total number of stores over the past 12 months (from 1,551 on January 28, 2024 to 1,616 on February 2, 2025) and comparable store sales growth. Sales for the fourth quarter of Fiscal 2025 include the 53rd week.

On a 13-week basis, comparable store sales for the fourth quarter of Fiscal 2025 increased by 4.9%, consisting of a 5.3% increase in the number of transactions and a 0.4% decrease in average transaction size, over and above comparable store sales growth of 8.7% for the fourth quarter of Fiscal 2024. The increase is primarily attributable to continued demand for consumables, along with a positive comparable store sales performance from seasonal items.

New stores, which are not yet comparable stores, reach annual sales of approximately \$3.2 million within their first two years of operation, and achieve an average capital payback period of approximately two years.

Gross Margin

Gross margin was 46.8% of sales in the fourth quarter of Fiscal 2025, compared to 46.3% of sales in the fourth quarter of Fiscal 2024. Gross margin as a percentage of sales was higher primarily as a result of lower logistics costs.

SG&A

SG&A for the fourth quarter of Fiscal 2025 increased by 16.6% to \$276.5 million, compared to \$237.1 million for the fourth quarter of Fiscal 2024. SG&A represented 14.7% of sales for the fourth quarter of Fiscal 2025, compared to 14.5% of sales for the fourth quarter of Fiscal 2024, reflecting higher store operating costs, partially offset by the positive impact of scaling.

EBITDA

EBITDA was \$670.1 million, representing an EBITDA margin of 35.6% of sales, for the fourth quarter of Fiscal 2025, compared to \$558.9 million, or an EBITDA margin of 34.1% of sales, in the fourth quarter of Fiscal 2024.

Depreciation and Amortization

The depreciation and amortization expense increased by \$14.2 million, from \$89.6 million for the fourth quarter of Fiscal 2024 to \$103.8 million for the fourth quarter of Fiscal 2025. The increase is mainly attributable to additions to right-of-use assets and leasehold improvements on the opening of new stores.

Share of Net Earnings of Equity-Accounted Investment

The Corporation's 60.1% share of Dollarcity's net earnings for the period from October 1, 2024 to December 31, 2024 amounted to \$58.0 million, compared to \$32.8 million for the Corporation's 50.1% share during the same period last year. This 76.8% increase is primarily attributable to the continued strong operational performance of Dollarcity during the three-month period ended December 31, 2024, compared to the same period last year, and the acquisition of an additional 10.0% equity interest in Dollarcity on June 11, 2024 (the "Dollarcity Transaction"). Dollarcity's fourth quarter performance was mainly driven by a 14.4% increase in sales, supported by growth in the total number of stores (from 532 on December 31, 2023, to 632 on December 31, 2024), as well as an increase in gross margin as a percentage of sales from lower inbound shipping and logistics costs. This was partially offset by slightly higher SG&A expenses, reflecting higher labour and operating costs. The Corporation's investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Net Financing Costs

Net financing costs increased by \$9.3 million, from \$35.4 million for the fourth quarter of Fiscal 2024 to \$44.7 million for the fourth quarter of Fiscal 2025. The increase is mainly due to a higher interest expense on lease liabilities and a decrease in interest income due to lower invested capital.

Income Taxes

Income taxes increased by \$17.1 million, from \$105.5 million for the fourth quarter of Fiscal 2024 to \$122.6 million for the fourth quarter of Fiscal 2025. The statutory income tax rate for the fourth quarter of Fiscal 2025 was 26.5%, unchanged from the corresponding quarter of Fiscal 2024. The Corporation's effective tax rates for the fourth quarters of Fiscal 2025 and Fiscal 2024 were 23.9% and 24.6%, respectively. The decrease in the effective tax rate for the fourth quarter of Fiscal 2025 is due to the Corporation's share of net earnings of its equity-accounted investment in Dollarcity (which was higher for the fourth quarter of Fiscal 2025 than for the same period in Fiscal 2024, respectively at \$58.0 million and \$32.8 million) which is computed net of taxes, already accounted for by Dollarcity.

Net Earnings

Net earnings increased by 20.8% to \$391.0 million, compared to \$323.8 million in the fourth quarter of Fiscal 2024, reflecting an increase in diluted net earnings per common share of 21.7%, from \$1.15 to \$1.40 per diluted common share, in the fourth quarter of Fiscal 2025.

Analysis of Results for Fiscal 2025

The following section provides an overview of the Corporation's financial performance during Fiscal 2025 compared to Fiscal 2024.

Sales

Sales in Fiscal 2025 increased by 9.3% to \$6,413.1 million, compared to \$5,867.3 million in Fiscal 2024. This increase was driven by growth in the total number of stores over the past 12 months (from 1,551 on January 28, 2024, to 1,616 on February 2, 2025) and increased comparable store sales. Sales for Fiscal 2025 include the 53rd week.

On a 52-week basis, comparable store sales increased 4.6% for Fiscal 2025, consisting of a 6.4% increase in the number of transactions and a 1.7% decrease in average transaction size, over and above comparable store sales growth of 12.8% for Fiscal 2024. The increase in comparable store sales during Fiscal 2025 was supported by a sustained demand for our consumable product offering in a context of continued normalization in comparable store sales trends.

Gross Margin

Gross margin was \$2,893.7 million or 45.1% of sales in Fiscal 2025, compared to \$2,613.4 million or 44.5% of sales in Fiscal 2024. Gross margin as a percentage of sales was higher due to lower inbound shipping and logistics costs.

SG&A

SG&A for Fiscal 2025 was \$930.2 million, a 10.1% increase from \$844.9 million for Fiscal 2024. SG&A for Fiscal 2025 represented 14.5% of sales, compared to 14.4% of sales for Fiscal 2024. This variance reflects higher store labour and operating costs, partially offset by the positive impact of scaling.

EBITDA

EBITDA was \$2,121.8 million, representing an EBITDA margin of 33.1% of sales, for Fiscal 2025, compared to \$1,861.2 million, or an EBITDA margin of 31.7% of sales, for Fiscal 2024.

Depreciation and Amortization

The depreciation and amortization expense increased by \$34.7 million, from \$348.1 million for Fiscal 2024 to \$382.8 million for Fiscal 2025. The increase is mainly attributable to additions to right-of-use assets and leasehold improvements on the opening of new stores.

Share of Net Earnings of Equity-Accounted Investment

The Corporation's 50.1% share of Dollarcity's net earnings for the period from January 1, 2024 to June 10, 2024 and its 60.1% share for the period from June 11, 2024 to December 31, 2024 amounted to \$129.9 million, compared to \$75.3 million for the Corporation's 50.1% share during the same periods last year. This 72.5% increase is primarily attributable to the continued strong operational performance of Dollarcity during the 12-month period ended December 31, 2024, compared to the same period last year, and the acquisition of an additional 10.0% equity interest in Dollarcity on June 11, 2024. During the 12-month period ended December 31, 2024, Dollarcity's performance was mainly driven by a 24.5% increase in sales, supported by growth in the total number of stores (from 532 on December 31, 2023, to 632 on December 31, 2024) as well as an increase in gross margin as a percentage of sales from lower inbound shipping and logistics costs. This was partially offset by slightly higher SG&A expenses, reflecting higher labour costs. The Corporation's investment in Dollarcity is accounted for as a joint arrangement using the equity method. Refer to the section entitled "Dollarcity".

Net Financing Costs

Net financing costs increased by \$19.0 million from \$144.8 million for Fiscal 2024 to \$163.8 million for Fiscal 2025. The increase is mainly due to a higher average borrowing rate and debt level from lease liabilities.

Income Taxes

Income taxes increased by \$38.0 million, from \$340.4 million for Fiscal 2024 to \$378.4 million for Fiscal 2025. The statutory income tax rates for each of Fiscal 2025 and Fiscal 2024 remained unchanged at 26.5%. The Corporation's effective income tax rates for Fiscal 2025 and Fiscal 2024 were 24.5% and 25.2%, respectively. The decrease in the effective tax rate for Fiscal 2025 is the result of the fact that the Corporation's share of net earnings of its equity-accounted investment in Dollarcity (which was higher for Fiscal 2025 than Fiscal 2024, respectively at \$129.9 million and at \$75.3 million) is computed net of taxes, already accounted for by Dollarcity.

Net Earnings

Net earnings were \$1,168.5 million, or \$4.16 per diluted common share, for Fiscal 2025, compared to \$1,010.5 million, or \$3.56 per diluted common share, for Fiscal 2024.

Summary of Consolidated Quarterly Results

	Fiscal 2025				Fiscal 2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(dollars in thousands, except per share amounts)</i>								
Statement of Net Earnings Data	\$	\$	\$	\$	\$	\$	\$	\$
Sales	1,881,345	1,562,644	1,563,384	1,405,772	1,639,171	1,477,692	1,455,936	1,294,549
Net earnings	390,954	275,806	285,942	215,843	323,770	261,055	245,762	179,873
Net earnings per common share								
Basic	\$1.40	\$0.98	\$1.02	\$0.77	\$1.15	\$0.92	\$0.86	\$0.63
Diluted	\$1.40	\$0.98	\$1.02	\$0.77	\$1.15	\$0.92	\$0.86	\$0.63

Liquidity and Capital Resources

Cash Flows for the Fourth Quarter of Fiscal 2025

	14-week period ended February 2, 2025	13-week period ended January 28, 2024	Change
<i>(dollars in thousands)</i>	\$	\$	\$
Cash flows from operating activities	569,518	478,133	91,385
Cash flows used in investing activities	(95,532)	(32,805)	(62,727)
Cash flows used in financing activities	(634,345)	(861,591)	227,246
Net change in cash and cash equivalents	(160,359)	(416,263)	255,904

Cash Flows - Operating Activities

For the fourth quarter of Fiscal 2025, cash flows generated from operating activities totalled \$569.5 million, compared to \$478.1 million for the fourth quarter of Fiscal 2024. This increase is attributable to higher net earnings and a lower use of working capital due to timing of tax installments in the fourth quarter of Fiscal 2025 compared to the fourth quarter of Fiscal 2024, partially offset by a decrease in non-cash items, mainly related to higher net earnings from equity-accounted investment.

Cash Flows - Investing Activities

For the fourth quarter of Fiscal 2025, cash flows used in investing activities totalled \$95.5 million, compared to \$32.8 million for the fourth quarter of Fiscal 2024. This variance is primarily attributable to the acquisition of land in the Calgary, Alberta region for a total consideration of \$51.6 million, including \$4.9 million in land development costs, in the fourth quarter of Fiscal 2025 as well as distributions received of \$27.0 million in the fourth quarter of Fiscal 2024 from the Corporation's equity-accounted investment in Dollarcity.

Cash Flows - Financing Activities

For the fourth quarter of Fiscal 2025, cash flows used in financing activities totalled \$634.3 million, compared to \$861.6 million for the fourth quarter of Fiscal 2024. This variance is mainly due to lower repayments on long-term debt, as no Fixed Rate Notes were repaid in the fourth quarter of Fiscal 2025 compared to the repayment of \$500.0 million in the same period last year, partially offset by an increase in the cash consideration paid for the repurchase of common shares under the normal course issuer bid.

Cash Flows for Fiscal 2025

(dollars in thousands)	53-week years ended	52-week years ended	Change \$
	February 2, 2025	January 28, 2024	
	\$	\$	
Cash flows from operating activities	1,644,139	1,530,954	113,185
Cash flows used in investing activities	(224,138)	(250,866)	26,728
Cash flows used in financing activities	(1,611,231)	(1,067,434)	(543,797)
Net change in cash and cash equivalents	(191,230)	212,654	(403,884)

Cash Flows - Operating Activities

For Fiscal 2025, cash flows generated from operating activities totalled \$1,644.1 million, compared to \$1,531.0 million for Fiscal 2024. This \$113.1 million increase is primarily attributable to higher net earnings and an increase in non-cash expenses, partially offset by a higher use of working capital, reflecting higher inventory purchases, higher accounts receivable from Dollarcity and the timing of income tax installments.

Cash Flows - Investing Activities

For Fiscal 2025, cash flows used in investing activities totalled \$224.1 million, compared to \$250.9 million for Fiscal 2024. This decrease is mainly attributable to higher capital expenditures for the acquisition of properties in the town of Mount Royal in Fiscal 2024 for a total consideration of \$88.1 million, compared to the acquisition of land in the Calgary, Alberta region in Fiscal 2025 for a total consideration of \$51.6 million, including \$4.9 million in land development costs, partially offset by higher capital expenditures related to transformation and information technology projects in Fiscal 2025 compared to the same period last year.

Cash Flows - Financing Activities

For Fiscal 2025, cash flows used in financing activities totalled \$1,611.2 million, compared to \$1,067.4 million for Fiscal 2024. This variance is mainly due to an increase in the cash consideration paid for the repurchase of common shares under the normal course issuer bid as well as higher net payments of lease liabilities in Fiscal 2025 compared to Fiscal 2024.

Capital Expenditures

Capital expenditures include additions to property, plant and equipment as well as intangible assets, which mainly relate to investments in information technology projects, transformation projects and new stores.

For the fourth quarter of Fiscal 2025, capital expenditures totalled \$95.6 million, compared to \$60.0 million for the fourth quarter of Fiscal 2024. This increase is primarily attributable to the acquisition of land in the Calgary, Alberta region for a total consideration of \$51.6 million, including \$4.9 million in land development costs, compared to the fourth quarter of Fiscal 2024.

For Fiscal 2025, capital expenditures totalled \$246.9 million, compared to \$278.8 million for Fiscal 2024. This decrease is mainly attributable to higher capital expenditures for the acquisition of properties in the town of Mount Royal in Fiscal 2024 for a total consideration of \$88.1 million, compared to the acquisition of land in the Calgary, Alberta region in Fiscal 2025 for a total consideration of \$51.6 million, including \$4.9 million in land development costs, partially offset by higher capital expenditures related to transformation and information technology projects in Fiscal 2025 compared to the same period last year.

Capital Resources

As at February 2, 2025, the Corporation had \$122.7 million of cash on hand and \$1,048.6 million available under its Credit Facility (as hereinafter defined).

The Corporation expects that its cash flows from operating activities, together with its available liquidity, will be sufficient to meet its projected cash requirements in Fiscal 2026, including to fund its planned growth and capital expenditures, service its debt, pay its contractual obligations, repurchase common shares and make dividend payments to shareholders.

The Corporation's ability to pay the principal and interest on any portion of its debt, which consist mainly of Fixed Rate Notes as of the date hereof, to refinance or repay at maturity all or any portion thereof, or to generate sufficient funds to meet its future cash requirements will largely depend on its future performance, which to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, or other factors that are beyond its control. As further described below, any exercise of the put right by Dollarcity's founding stockholders or any exercise by the Corporation of its Call Option (as defined herein) secured in connection with the Dollarcity Transaction could also impact the foregoing and the Corporation's capital allocation strategy. Refer to the section entitled "Dollarcity" for additional details on the Dollarcity Transaction.

The Corporation expects to refinance the 5.084% Fixed Rate Notes due October 27, 2025 through the issuance of new long-term notes before the maturity date. The Corporation is in good standing with rating agencies. The Corporation's assumptions with respect to future liquidity needs and refinancing opportunities may not be correct. Refer to the section entitled "Risks and Uncertainties" for a discussion on the risks associated with indebtedness, liquidity and changes in creditworthiness or credit rating.

The Corporation had a positive working capital of \$187.0 million as at February 2, 2025, compared to a positive working capital of \$631.2 million as at January 28, 2024 as a result of a lower cash and cash equivalents balance and the inclusion in current liabilities of Fixed Rate Notes maturing in the next 12 months as at February 2, 2025.

Senior Unsecured Notes

	February 2, 2025	January 28, 2024
(dollars in thousands)	\$	\$
Long-term debt outstanding consists of the following as at:		
Senior unsecured fixed rate notes (the "Fixed Rate Notes") bearing interest at:		
Fixed annual rate of 5.165% payable in equal semi-annual instalments, maturing April 26, 2030 (the "5.165% Fixed Rate Notes")	450,000	450,000
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029 (the "2.443% Fixed Rate Notes")	375,000	375,000
Fixed annual rate of 5.533% payable in equal semi-annual instalments, maturing September 26, 2028 (the "5.533% Fixed Rate Notes")	500,000	500,000
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027 (the "1.505% Fixed Rate Notes")	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026 (the "1.871% Fixed Rate Notes")	375,000	375,000
Fixed annual rate of 5.084% payable in equal semi-annual instalments, maturing October 27, 2025 (the "5.084% Fixed Rate Notes")	250,000	250,000
Unamortized debt issue costs, including \$1,219 (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 arrangement	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	
(dollars in thousands)	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

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"). Specifically, (i) the term of Facility A in the amount of \$250.0 million, was extended from July 5, 2028 to June 28, 2029, (ii) the term of Facility B, in the amount of \$450.0 million, was extended from July 6, 2026 to June 28, 2027, (iii) the term of Facility C, in the amount of \$50.0 million, was extended from July 6, 2026 to June 28, 2027, and (iv) the term of Facility D, in the amount of \$300.0 million, 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 \$1,500.0 million.

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, the Corporation had \$1,048.6 million available under its Credit Facility (January 28, 2024 – \$1,049.0 million). As at February 2, 2025, there were letters of credit issued for the purchase of inventories which amounted to \$1.4 million (January 28, 2024 – \$1.0 million) and 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\$700.0 million. 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.

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).

Contractual Obligations, Off-Balance Sheet Arrangements and Commitments

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 created as a result of statutory requirements imposed by governments).

<i>(dollars in thousands)</i>	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
	<u>507,995</u>	<u>561,141</u>	<u>2,962,925</u>	<u>1,896,416</u>	<u>5,928,477</u>

⁽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.

The following table summarizes the Corporation's off-balance sheet arrangements, letters of credit, and commitments as at February 2, 2025.

<i>(dollars in thousands)</i>	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Over 5 years \$	Total \$
Letters of credit	1,090	120	163	-	1,373
Total	<u>1,090</u>	<u>120</u>	<u>163</u>	<u>-</u>	<u>1,373</u>

Other than letters of credit, the Corporation has no other off-balance sheet arrangements or commitments.

Financial Instruments

The Corporation uses derivative financial instruments in the management of its foreign currency and interest rate exposure. The Corporation documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. Derivative financial instruments designated as hedging instruments are recorded at fair value, determined using market prices and other observable inputs.

For a description of the derivative financial instruments of the Corporation, refer to Notes 3 and 15 of the Corporation's Fiscal 2025 annual audited consolidated financial statements.

Foreign Currency Exposure

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.

Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if purchases at hedged rates result in lower margins than otherwise earned if purchases had been made at spot rates.

Interest Rate Risk

The Corporation uses interest rate swap contracts to mitigate the risk associated with changes in the fair value of its Fixed Rate Notes due to changes in interest rates. These derivative financial instruments are used for risk management purposes and are designated as fair value hedges. Through the use of 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.

Interest rate hedging also entails a risk of illiquidity and, to the extent that interest rates fluctuate, hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if the issuance of notes at hedged rates results in lower profitability than otherwise earned if notes had been issued at spot rates.

The Corporation reassessed the nature of the risks arising from derivative financial instruments and related risk management and concluded that there were no material changes.

Related Party Transactions

Property Leases

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.

As at February 2, 2025, the outstanding balance of lease liabilities owed to entities related to the Corporation's Chief Executive Officer totalled \$271.8 million (January 28, 2024 – \$14.9 million).

During the fiscal year ended February 2, 2025, the Corporation expensed \$9.5 million (January 28, 2024 – \$8.8 million), of lease payments charged from entities related to the Corporation's Chief Executive Officer.

Dollarcity

On June 11, 2024, the Corporation completed the Dollarcity Transaction, thereby increasing its equity ownership in CARS to 60.1%. The consideration for the Dollarcity Transaction was satisfied by the issuance of 6,060,478 common shares of the Corporation, representing an implied total value of approximately US\$553.6 million (\$761.7 million) based on the closing price of Dollarama's common shares on the TSX on June 11, 2024.

In connection with the Dollarcity Transaction, Dollarama International and the Dollarcity founding stockholders established a new vehicle as part of the Dollarcity Group, ICM, the parent company of the entities that will operate the Mexico portion of the business, in which the Corporation and the Dollarcity founding stockholders will indirectly have an 80.05% and 19.95% equity interest, respectively. In addition, the parties agreed on updated governance terms providing for the future expansion of the business into Mexico. Dollarcity expects to open its first stores in Mexico in the summer of 2025, faster than initially planned as a result of accelerated planning efforts.

The Corporation has also 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 in connection with the Dollarcity Transaction. The Corporation continues to have joint control over Dollarcity (including CARS and ICM) and accounts for its investments as joint arrangements using the equity method.

Under the terms of the stockholders agreement entered into among Dollarama International and Dollarcity's founding stockholders in August 2019, as amended and restated in connection with the Dollarcity Transaction (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 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. The put 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, also includes drag-along and tag-along rights in respect of CARS and ICM. The Corporation cannot predict whether the put right will be exercised or, if exercised, when and to what extent it will be exercised (provided that, subject to limited exceptions, the put right can, prior to February 4, 2027, be exercised for up to 14.9% of all shares of CARS outstanding). In the event that the put is exercised, the consideration payable by the Corporation may, depending on various factors, including those discussed above, be paid using cash on hand or financed in full or in part and, depending on the circumstances, may temporarily impact the Corporation's capital allocation strategy. Refer to the section entitled "Liquidity and Capital Resources."

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.

The 6,060,478 common shares of Dollarama issued in connection with the Dollarcity Transaction were issued by Dollarama on a private placement basis and are subject to a statutory hold period of four months as well as certain contractual transfer restrictions applicable for a 12-month period, subject to specified exceptions.

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:

<i>(dollars in thousands)</i>	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:

<i>(dollars in thousands)</i>	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.

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 Corporation's audited annual consolidated financial statements for Fiscal 2025.

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.

New Accounting Standards***New Accounting Standards Announced but not yet Adopted******IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18")***

In April 2024, the International Accounting Standards Board ("IASB") issued 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.

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.

Non-GAAP and Other Financial Measures

The Corporation's audited annual consolidated financial statements and notes for Fiscal 2025 have been prepared in accordance with GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures.

We have included certain non-GAAP and other financial measurements in our financial documents to provide a better understanding of the Corporation's financial results. The Corporation uses the following non-GAAP and other financial measures and ratios: EBITDA, EBITDA margin, total debt, net debt, adjusted net debt to EBITDA ratio, gross margin, operating margin, SG&A as a percentage of sales, comparable store sales and comparable store sales growth. We believe that such measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP and other financial measures in the evaluation of issuers. Our management also uses non-GAAP and other financial measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

The majority of these measures are used to bridge differences between external reporting under GAAP and external reporting that is tailored to the retail industry, and should not be considered in isolation or as a substitute for financial performance measures calculated in accordance with GAAP.

The below-described non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

(A) Non-GAAP Financial Measures

EBITDA

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

	14-week period ended	13-week period ended	53-week period ended	52-week period ended	52-week period ended
(dollars in thousands)	February 2, 2025	January 28, 2024	February 2, 2025	January 28, 2024	January 29, 2023
	\$	\$	\$	\$	\$
A reconciliation of operating income to EBITDA is included below:					
Operating income	558,292	464,678	1,710,678	1,495,721	1,191,501
Add: Depreciation and amortization	111,812	94,223	411,151	365,445	331,792
EBITDA	670,104	558,901	2,121,829	1,861,166	1,523,293

A reconciliation of EBITDA to cash flows from operating activities is included below:

EBITDA	670,104	558,901	2,121,829	1,861,166	1,523,293
Current income taxes	(132,097)	(106,211)	(388,969)	(350,656)	(281,732)
Share-based compensation	3,534	4,024	15,507	13,102	14,187
Share of net earnings of equity-accounted investment	(58,034)	(32,808)	(129,905)	(75,293)	(45,399)
Interest received	7,914	11,847	29,414	27,580	9,218
Other	1,235	389	3,015	2,511	694
	492,656	436,142	1,650,891	1,478,410	1,220,261
Changes in non-cash working capital components	76,862	41,991	(6,752)	52,544	(351,218)
Net cash generated from operating activities	569,518	478,133	1,644,139	1,530,954	869,043

Total debt

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

(dollars in thousands)

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

	February 2, 2025	As at January 28, 2024	January 29, 2023
	\$	\$	\$
Total long-term debt	2,282,679	2,264,394	2,251,903
USCP Notes issued under US commercial paper program	-	-	-
Total debt	2,282,679	2,264,394	2,251,903

Net debt

Net debt represents total debt minus cash and cash equivalents. Management believes Net debt represents a useful additional measure to assess the financial position of the Corporation by showing all of the Corporation's financing obligations, net of cash and cash equivalents.

(dollars in thousands)

A reconciliation of total debt to net debt is included below:

	February 2, 2025	As at January 28, 2024	January 29, 2023
	\$	\$	\$
Total debt	2,282,679	2,264,394	2,251,903
Cash and cash equivalents	(122,685)	(313,915)	(101,261)
Net debt	2,159,994	1,950,479	2,150,642

Adjusted retained earnings

Adjusted retained earnings represents deficit plus the excess of (i) the price paid for all common shares repurchased under the Corporation's normal course issuer bids from inception in June 2012 through February 2, 2025 over (ii) the book value of those common shares.

(dollars in thousands)

A reconciliation of deficit to adjusted retained earnings is included below:

	February 2, 2025	As at January 28, 2024	January 29, 2023
	\$	\$	\$
Deficit	(225,301)	(226,547)	(514,078)
Price paid in excess of book value of common shares repurchased under the NCIB	7,196,988	6,139,822	5,497,023
Adjusted retained earnings	6,971,687	5,913,275	4,982,945

The deficit as at February 2, 2025, January 28, 2024 and January 29, 2023 is not a reflection of poor operating performance. It results from the fact that a significant portion of the cash consideration for the repurchase of shares under the Corporation's normal course issuer bid is accounted for as a reduction of retained earnings and that the market price at which shares are repurchased significantly exceeds the book value of those shares. Management believes that buying back shares remains an effective strategy to drive shareholder value and constitutes an appropriate use of the Corporation's funds. Management also believes that Adjusted retained earnings represents an additional metric that provides a better reflection of the Corporation's operating performance.

(B) Non-GAAP Ratios

Adjusted net debt to EBITDA ratio

Adjusted net debt to EBITDA ratio is a ratio calculated using adjusted net debt over consolidated EBITDA for the last 12 months. Management uses this ratio to partially assess the financial condition of the Corporation. An increasing ratio would indicate that the Corporation is utilizing more debt per dollar of EBITDA generated.

(dollars in thousands)

	As at		
	February 2, 2025	January 28, 2024	January 29, 2023
	\$	\$	\$
A calculation of adjusted net debt to EBITDA ratio is included below:			
Net debt	2,159,994	1,950,479	2,150,642
Lease liabilities	2,426,977	2,069,229	1,960,743
Unamortized debt issue costs, including \$1,219 (January 28, 2024 – \$1,320, January 29, 2023 – \$1,609) for the Credit Facility	7,092	9,049	9,107
Fair value hedge – basis adjustment on interest rate swap	(12,361)	(1,983)	6,167
Adjusted net debt	4,581,702	4,026,774	4,126,659
EBITDA for the last twelve-month period	2,121,829	1,861,166	1,523,293
Adjusted net debt to EBITDA ratio	2.16x	2.16x	2.71x

EBITDA margin

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

	14-week period ended	13-week period ended	53-week period ended	52-week period ended	52-week period ended
	February 2, 2025	January 28, 2024	February 2, 2025	January 28, 2024	January 29, 2023
	\$	\$	\$	\$	\$
A reconciliation of EBITDA to EBITDA margin is included below:					
EBITDA	670,104	558,901	2,121,829	1,861,166	1,523,293
Sales	1,881,345	1,639,171	6,413,145	5,867,348	5,052,741
EBITDA margin	35.6%	34.1%	33.1%	31.7%	30.1%

(C) Supplementary Financial Measures

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

Risks and Uncertainties

Monitoring and improving its operations are constant concerns of the Corporation. In view of this, understanding and managing risks are important parts of the Corporation's strategic planning process.

The key risks and uncertainties identified by the Corporation that could materially adversely affect its future business results are divided into the following categories:

- risks related to business operations;
- financial risks;
- market risks;
- human resources risks;
- technology risks;
- strategy and corporate structure risks;
- business continuity risks; and
- legal and regulatory risks.

The Corporation manages these risks on an ongoing basis and has put in place certain guidelines with the goal of mitigating these in order to lessen their impact, and the Corporation maintains cost-effective, comprehensive insurance coverage against most insurable events. The Corporation also gathers and analyzes economic, competitive and other financial and operational data on a regular basis and senior management takes these findings into consideration when making strategic and operational decisions. Despite these guidelines and initiatives, the Corporation cannot provide assurances that any such efforts will be successful.

Risks Related to Business Operations

Merchandise and Operating Costs

The Corporation's ability to provide quality merchandise at low price points is subject to a number of factors that are beyond its control, including merchandise costs, foreign exchange rate fluctuations, shipping costs and other logistics costs (including increases in domestic freight costs, detention costs, and carrier and driver wages), tariffs on imported goods, increases in labour costs (including any increases in minimum wage), increases in rent and occupancy costs, fuel costs and inflation, all of which may reduce profitability and have an adverse impact on cash flows. Some of these factors are discussed immediately below while others are addressed under the headings "Imports and Supply Chain" and "Foreign Exchange Risk".

Labour costs are largely outside of the Corporation's control, mostly driven by minimum wage legislation and market trends relating to similarly situated employees in each jurisdiction in which the Corporation has operations. Certain Canadian provinces have implemented in recent years and/or are expected to implement in Fiscal 2026 increases in the statutory minimum wage. Minimum wage adjustments that deviate from the formula based on the year-over-year change in the consumer price index (CPI) create unpredictability, resulting in additional challenges for retailers. Productivity improvements from various operational initiatives may not be sufficient to offset any increase in labour costs.

Rent and occupancy costs, while substantial, offer multi-year visibility due to the long-term nature of leases. Historically, the Corporation has been able to negotiate leases on market terms and therefore benefits from a reasonable lead time to prepare for potential rent increases.

Inflation and adverse economic conditions in Canada, where the Corporation both buys and sells merchandise, in China and other parts of Asia, where it buys a large portion of its imported merchandise, and Latin America, where Dollarcity carries on its operations, and in Australia, where the Corporation will carry operations following the closing of the TRS Acquisition, could have a negative impact on margins, profitability and cash flows.

Increases in fuel and energy costs, ocean shipping rates or domestic freight costs, could also increase transportation costs and therefore impact profitability.

If management is unable to predict and/or respond promptly to any of these or other similar events, the merchandise and operating costs of the Corporation may increase, and the Corporation's business and financial results could be materially adversely affected.

Generally, management believes that the multiple price point strategy provides some flexibility to address cost increases by allowing the Corporation to adjust the selling price on certain items. There is, however, no guarantee

that the Corporation will continue to be successful in adjusting its selling prices or offsetting cost increases in a meaningful way in the future, either because it wishes to maintain the compelling value of its product offering relative to competitors or because of its capped price point structure.

Merchandise Selection and Replenishment

The Corporation's success depends in large part on its ability to continually find, select and purchase quality merchandise at attractive prices in order to expand the assortment of products and replace underperforming goods to timely respond to evolving trends in demographics and consumer preferences, expectations and needs. The Corporation typically does not enter into long-term contracts for the purchase or development of merchandise and must continually seek out buying opportunities from both existing suppliers and new sources. Although management believes that the Corporation has strong and long-standing relationships with most of its suppliers, it may not be successful in maintaining a continuing and increasing supply of quality merchandise at attractive prices. If the Corporation cannot find or purchase the necessary amount of competitively priced merchandise to maintain its compelling product offering or to replace goods that are outdated or unprofitable, business and financial results could be materially adversely affected.

Imports and Supply Chain

Following one of its key business strategies of sourcing merchandise directly from low-cost suppliers, the Corporation relies on imported goods, mainly from China but overall from over 25 different countries. Imported goods are generally less expensive than domestic goods and contribute significantly to favourable profit margins. Imported merchandise could become more expensive or unavailable, or deliveries could be subject to longer lead times, for a number of reasons, including: (a) disruptions in the flow of imported goods due to factors such as raw material shortages, labour shortages, work stoppages and strikes, suppliers going out of business, factory closures resulting from changes in the economic or regulatory landscape of the country of origin, inflation, natural disasters, unusually adverse weather, pandemic or epidemic outbreaks, political unrest in foreign countries and international conflicts, including the increased tensions between China and the Western countries; (b) further consolidation in the shipping industry, which could lead to even tighter shipping capacity and steeper rate increases; (c) economic instability and international disputes, including as a result of changes in tariffs, trade restrictions, or other regulatory or retaliatory measures imposed by domestic or foreign governments; (d) increases in the cost of purchasing or shipping foreign merchandise resulting from changes in Canada's trade relationships with foreign countries; (e) increases in tariffs or the elimination of existing preferential tariffs on goods originating from certain countries, including most importantly China but also other countries such as the United States, (f) restrictive changes to import quotas or other adverse protectionist trade measures and measures in retaliation thereof, and (g) changes in currency exchange rates or policies and local economic conditions, including inflation in the country of origin. The materialization or development of one or more of these factors could materially adversely affect the Corporation's business and financial results.

If imported merchandise becomes more expensive, limited or unavailable, the Corporation may not be able to transition to alternative sources in time to meet the demand. Products from alternative sources may also be of lesser quality and/or more expensive than those currently imported. A disruption in the flow of imported merchandise or an increase in the cost of those goods due to these or other factors could lead to an attempt to pass on such cost increases to the customers through retail price increases or to changes in the merchandise mix or inventory levels, all or any of which could significantly decrease sales and profits and have a material adverse impact on the Corporation's business and financial results.

Management believes that the Corporation has good relationships with suppliers and that it is generally able to obtain competitive pricing and other terms. However, products are bought on an order-by-order basis and the Corporation has very few long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. If it fails to maintain good relationships with suppliers, or if suppliers' product costs increase as a result of prolonged or repeated increases in the prices of certain raw materials, foreign exchange rate fluctuations, or changes in the economic, geopolitical or regulatory landscape of the country of origin, the Corporation may not be able to obtain attractive pricing. In addition, if it is unable to receive merchandise from suppliers on a timely basis or at an effective cost because of interruptions in production or in shipping or other reasons that are beyond its control, the Corporation could experience merchandise shortages which could lead to lost sales or increased merchandise costs if alternative sources must be used, and business and financial results could be materially adversely affected.

Brand Image and Reputation

The Corporation has a well recognized brand that consumers associate with compelling value.

Any failure by the Corporation to maintain product safety or quality and ethical and socially responsible operations across its supply chain or any actions taken by the Corporation's employees (with or without its blessing) could materially adversely affect the Corporation's brand image and reputation. Public concerns about the environmental impact of the Corporation's products and operations could also negatively impact consumers' perceptions of the Corporation's brand image. Any negative publicity about, or significant damage to, the Corporation's brand and reputation could have an adverse impact on customer perception and confidence, which could materially adversely affect the Corporation's business and financial results. Also, the viral nature of social media could exacerbate any negative publicity with respect to its business practices and products as customers sometimes rely on readily available information about retailers and their products and may act on such information without regard to its accuracy. Similarly, negative incidents involving other parties with whom the Corporation does business could quickly erode trust and confidence and can result in consumer boycotts, workforce unrest or walkouts, government investigations, or litigation, which, in turn, may materially adversely affect the Corporation's brand image and reputation, and its business and financial results.

Furthermore, as a large retailer with a business model based on low-cost goods globally sourced from an important number of direct and indirect vendors, the Corporation's sourcing strategy relies heavily on directly imported merchandise from overseas, mainly from China. Any unethical conduct by a supplier or any allegations, whether or not founded, of unfair or illegal business practices by a supplier, including production methods and labour practices such as forced labour or child labour, could also materially adversely affect the Corporation's brand image and reputation, which could in turn materially adversely affect its business and financial results.

The Vendor Code of Conduct, which applies to domestic or foreign vendors that directly supply goods and/or services to Dollarama, formalizes the Corporation's expectations with respect to suppliers' business standards. In addition, the Corporation has implemented certain measures to assess vendor compliance with the Vendor Code of Conduct. However, these measures cannot guarantee that suppliers or their commercial partners will uphold and adhere to the principles outlined in the Vendor Code of Conduct or that violations of the Vendor Code of Conduct will be reported to, or discovered by, the Corporation in a timely manner. Failure by the Corporation's Vendor Code of Conduct to meet public expectations or by one of the Corporation's vendors to comply with the Vendor Code of Conduct or to comply with applicable laws or regulations could adversely affect the Corporation's brand image, which could in turn materially adversely affect its business and financial results. Moreover, the Corporation cannot predict how expectations and requirements of ethical business practices, which are constantly evolving and can often be substantially more demanding than applicable legal requirements, might develop in the future, and the Corporation therefore cannot be certain that its Vendor Code of Conduct and operations will satisfy all such expectations and requirements in the future, including those of its stakeholders.

Also, there is a risk that the significant inflationary pressures that the Corporation, and the retail industry as a whole, will continue to face in Fiscal 2026 may have negative implications on brand perception. Those pressures are expected to be more acute for an import-based business focusing on goods sold at low, fixed price points, and price increases required to maintain margins on select products may not be well received by consumers, which could materially adversely affect the Corporation's business and financial results.

Moreover, governmental and public awareness and concern about ESG matters, notably climate change, waste reduction, sustainability, responsible sourcing and procurement, and human rights, could result in enhanced legal requirements or public expectations, in each case, that aim or require to expand the nature, scope and complexity of matters that the Corporation is required to control, assess, comply with or report. The Corporation's inability to meet evolving requirements and/or expectations could materially adversely affect the Corporation's brand image and reputation, which could in turn materially adversely affect its business and financial results. The Corporation's access to capital could also be negatively affected if financial institutions, rating agencies and/or lenders adopt more restrictive ESG policies that the Corporation may not be able to comply with. Additionally, the Corporation has set a number of specific ESG targets for key ESG initiatives, which are subject to ongoing disclosure by the Corporation. Achievement of these targets is subject to several risks and uncertainties, and there can be no certainty that the Corporation will achieve these targets within the stated timeframe, or that achieving any of these targets will meet all of the expectations of its stakeholders or applicable legal requirements. Also, the implementation of these objectives may expose it to certain additional heightened financial and operational risks, and is expected to require additional costs, which may

be higher than anticipated. If the Corporation is unable to achieve its ESG targets or satisfy the expectations of its stakeholders, its reputation could be adversely affected.

Distribution and Warehousing Network

The Corporation must constantly replenish depleted inventory through deliveries of merchandise from suppliers to its warehouses, distribution centre and directly to stores by various means of transportation, including shipments by sea, train and truck. Also, as a result of its reliance on third-party carriers, the Corporation is subject to carrier disruptions and increased costs due to factors beyond its control. As with all companies that are dependent on air, road, rail, port and other transportation methods for distribution purposes, strikes of certain operational groups of such transportation workers can disrupt the Corporation's distribution network. Disruptions in the distribution network or the national and international transportation infrastructure, as a result of strikes or otherwise, could lead to delays or interruptions of service which, in turn, could materially adversely affect the Corporation's business and financial results.

To accommodate the Corporation's current growth plan, the Corporation acquired on December 18, 2024, a land in the Calgary, Alberta where it intends to build a warehouse and second distribution centre (the "**Calgary DC**"). To determine the cost and timeline of the construction of the Calgary DC and the anticipated needs of additional warehousing and distribution centre capacity in the foreseeable future which the Calgary DC is intended to fulfill once built, management relied on several assumptions. If such any of such assumptions is inaccurate, the costs, timeline or capacity of the Calgary DC could be negatively impacted.

Until the Calgary DC becomes operational, the Corporation relies on a single distribution centre located in the Town of Mount Royal (Quebec), any disruption at that facility, for example as a result of adverse weather events, natural disasters, epidemic or pandemic outbreaks, or labour disputes, would materially impact the flow of goods to stores and, in turn, could potentially impact sales and the Corporation's financial results.

Real Estate

The Corporation's strategy with respect to real estate is generally to lease, and not to own the stores that it operates. As a result, except for a limited number of stores, all of the Corporation's stores are leased. Moreover, the Corporation leases its head office and all its warehouses. Unless the terms of the Corporation's leases are extended, the properties, together with any improvements that were made, will revert to the property owners upon expiration of the lease terms. As the terms of those leases expire, the Corporation may not be able to renew leases or promptly find alternative locations that meet its needs on favourable terms, or at all. Also, breaching the terms of a lease may result in the Corporation incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that one or more of the foregoing risks materialize, the Corporation's business and financial results could be materially adversely affected.

Inventory Shrinkage

The Corporation is subject to the risk of inventory loss and administrative or operator errors, including mislabelling, as well as damage, theft and fraud. The Corporation experiences inventory shrinkage in the normal course of its business, and cannot ensure that incidences of inventory loss and theft will decrease in the future or that measures taken or initiatives implemented will effectively address inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if the Corporation were to experience higher rates of inventory shrinkage or were required to incur increased security costs to limit inventory theft, its business and financial results could be materially adversely affected.

Seasonality

Historically, the Corporation's highest sales have occurred in the fourth quarter, during the winter holidays selling season. Sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween, and during the summer season. Failure to adequately prepare for the holiday sales or summer season demand and the timing of certain holidays and of new store openings could have material adverse effects on the Corporation's business and financial results. In addition, the occurrence of unusually adverse weather, natural disasters, geopolitical events, pandemic or epidemic outbreaks or any other event beyond the Corporation's control and causing any disruption in its business activities or operations during a peak season could have an adverse

effect on the distribution network and on store traffic, which could materially adversely affect its business and financial results.

Private Brands

The Corporation carries a substantial number of private brand items. Management believes that the Corporation's success in maintaining broad market acceptance of private brands depends on many factors, including pricing, quality, customer perception and timely development and introduction of new products. If the Corporation does not achieve or maintain expected sales for private brands, if it fails to successfully protect its proprietary rights in those brands or avoid claims related to the proprietary rights of third parties, or if it is faced with product liability claims and product recalls on these private brand offerings, its reputation, business and financial results could be materially adversely affected.

Intellectual Property

Management believes that trademarks and other proprietary rights are important to the Corporation's success and competitive position. Accordingly, the Corporation protects its trademarks and proprietary rights, in Canada and in other relevant markets. However, monitoring the unauthorized use of one's intellectual property is difficult, and violations may not always become immediately known. Furthermore, the steps generally taken to address such violations, including sending demand letters and taking actions against third parties, may be inadequate to prevent imitation of products and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by the Corporation. In addition, the Corporation's intellectual property rights may not have the value that management believes they have. If the Corporation is unsuccessful in protecting its intellectual property rights or identifying or adequately reacting to any intellectual property infringement relating to the products that it distributes, or if another party prevails in litigation against it relating to its intellectual property rights or those of others, the value of the brand could be diminished, causing customer confusion and materially adversely affecting the Corporation's business and financial results. In addition, the Corporation may incur significant costs if it is required to change certain aspects of its branding and business operations.

International Operations

Through its 60.1% equity accounted investment in CARS, the parent company of entities that operate the value retailer "Dollarcity", the Corporation has international operations in El Salvador, Guatemala, Colombia, Peru and Panama (where Dollarcity is headquartered). The Corporation also has an equity accounted investment in ICM, a corporation organized under the laws of Panama which was established for the future expansion of the operations of Dollarcity in Mexico. On March 26, 2025, the Corporation announced that it had entered into a definitive agreement to acquire all of the issued and outstanding ordinary shares of TRS, with completion of the acquisition expected to occur in the second half of calendar 2025 subject to customary closing conditions. The Corporation's operations outside of Canada are exposed to risks inherent in foreign operations. These risks, which can vary substantially by market and jurisdiction, are described in many of the risk factors discussed in this section and also include the following:

- the adoption of laws, regulations and policies aimed at managing national economic conditions, such as increases in taxes, austerity measures that impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- the imposition of import restrictions or controls;
- compliance with a wide variety of local, national and international laws, regulations and policies, together with potential adverse or significant changes in laws and regulatory framework and practices and the burdens and costs of compliance associated with it;
- changes in laws and policies that govern foreign investment and trade in the countries in which the Corporation operates;
- breaches or violations of Canadian and other foreign anti-corruption and anti-bribery laws, including by the Corporation's employees, suppliers, contractors, agents or representatives;
- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which the Corporation operates;

- risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights; and
- risks arising from the significant and rapid fluctuations in currency exchange markets, and the impact of any decisions and positions taken to hedge such volatility.

The potential impact of these factors on the Corporation's business and financial results may increase in importance as Dollarcity expands its store network in Latin America or, following the closing of the TRS Acquisition, in Australia and could adversely affect the Corporation's growth strategy which, in turn, could adversely affect its business and financial results. Refer to the section entitled "Recent Events – Proposed Acquisition of TRS and Expansion in Australia".

In addition, Dollarcity and TRS are also generally subject to, in the same manner or to a different extent, most of the risks described in this "Risks and Uncertainties" section with respect to the Corporation, including those relating to business operations, technology, financial, strategy and corporate structure, market, business continuity, human resources and legal and regulatory.

Financial Risks

Foreign Exchange Risk

The Corporation's results of operations are impacted by foreign exchange rate fluctuations. While its sales are predominantly in Canadian dollars, the Corporation purchases a majority of its merchandise from overseas suppliers using U.S. dollars. If the Chinese renminbi appreciates against the U.S. dollar, the cost of merchandise purchased in China is likely to increase. Similarly, and to an even greater extent, when the U.S. dollar appreciates against the Canadian dollar, it has a negative impact on margins, profitability and cash flows. The Corporation's results of operations can also be impacted by foreign exchange rate fluctuations in the currencies of the countries in which Dollarcity operates.

The Corporation uses foreign exchange forward contracts to mitigate the foreign currency risk associated with the vast majority of forecasted U.S. dollar merchandise purchases, as well as the hedges of U.S. dollar borrowings converted into Canadian dollar borrowings under the U.S. commercial paper program. However, hedging arrangements may have the effect of limiting the total returns to the Corporation if purchases at hedged rates result in lower margins than otherwise earned if purchases had been made at spot rates.

Indebtedness

As at February 2, 2025, the outstanding principal on the Corporation's long-term debt amounted to \$2,250.0 million and no amount was outstanding under the U.S. commercial paper program. The Corporation's level of indebtedness, which may vary from time to time based on the Corporation's operations and other events, could have a variety of consequences on the Corporation's business and operations, including the following:

- a portion of cash flows from operations dedicated to the payment of interest on the indebtedness and other financial obligations will not be available for other purposes, including funding the operations and capital expenditures and future business opportunities;
- the Corporation's ability to obtain additional financing for working capital and general corporate purposes may be limited;
- the Corporation's ability to engage in specified types of transactions or in planning for, or reacting to, changes in the business and in the industry in general may be limited; and
- the Corporation may be more vulnerable to a downturn in general economic conditions and adverse industry conditions.

Depending on the circumstances and the relative impact of the foregoing consequences, the level of indebtedness of the Corporation could materially adversely affect the Corporation's business and financial results.

Furthermore, the Credit Agreement and the trust indenture governing the Fixed Rate Notes contain restrictive covenants that, subject to certain exceptions, limit the ability of the Credit Parties, to, among other things, incur, assume, or permit to exist additional secured indebtedness or guarantees. The Credit Agreement also requires the Corporation to comply, on a consolidated basis, with a minimum interest coverage ratio test and a maximum lease-adjusted leverage ratio test, which ratios are tested on the last day of each fiscal quarter. This may prevent the Corporation from pursuing certain business opportunities.

Interest Rates

Although a significant portion of the Corporation's indebtedness bears interest at fixed annual rates, the Corporation remains exposed from time to time to interest rate risk and fluctuations, notably under the Credit Facility, the U.S. commercial paper program and interest rate swap contracts. If interest rates increase, debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and net income and cash flows would decrease, which could materially adversely affect the Corporation's business and financial results.

Liquidity

A portion of cash flows from operations is dedicated to the payment of interest on the Corporation's indebtedness and other financial obligations. The Corporation's ability to service its debt and other financial obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond its control, including fluctuations in interest rates, market liquidity conditions, increased operating costs, and industry trends. If cash flows and capital resources are insufficient to meet debt service obligations, the Corporation may be forced to reduce the scope of, or delay, capital expenditures, new store openings and future business opportunities, sell assets, seek additional capital, or restructure or refinance its indebtedness.

The Dollarcity's founding stockholders have a 39.9% and 19.95% equity interest in CARS and ICM, respectively. Under the terms of the Stockholders Agreement entered into among Dollarama International and Dollarcity's founding stockholders, the 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 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. The put 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 Corporation cannot predict whether the put right will be exercised or, if exercised, when and to what extent it will be exercised (provided that, subject to limited exceptions, the put right can, prior to February 4, 2027, be exercised for up to 14.9% of all shares of CARS outstanding). Under the terms of the Stockholders Agreement, the Corporation also has an 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. In the event of any exercise of the put or the call option, the consideration payable by the Corporation may, depending on various factors, including those discussed above, be paid using cash on hand or financed in full or in part and, depending on the circumstances, may temporarily impact the Corporation's liquidity and its capital allocation strategy. Refer to the section entitled "Liquidity and Capital Resources".

Changes in Creditworthiness or Credit Rating

Changes in the perceived creditworthiness of the Corporation and in the credit rating of the Fixed Rate Notes or the USCP Notes may affect not only the market value and the liquidity of those notes but also the cost at which the Corporation can access capital or credit markets, public or private. The Corporation received credit ratings in connection with the issuance of each series of Fixed Rate Notes and the launch of the U.S. commercial paper program. Credit ratings are generally evaluated and determined by independent third parties and may be impacted by events outside of the Corporation's control as well as any other significant decisions made by it or imposed upon it, including the entering into of any transaction. Credit rating agencies perform independent analysis when assigning credit ratings and such analysis includes a number of criteria, including various financial tests, business composition and market and operational risks. Those criteria are continually reviewed by credit rating agencies and are therefore subject to change from time to time. There is no assurance that any credit rating assigned to the Fixed Rate Notes or the USCP Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by

the relevant rating agency. Any actual or anticipated lowering or withdrawal of a credit rating could have a material adverse effect not only on the market value of those notes but also on the market perceptions of the Corporation in general or its business and financial results.

Income Taxes

The Corporation's income tax provisions and income tax assets and liabilities are based on interpretations of applicable tax laws, including income tax treaties between the countries in which the Corporation operates (including countries in Latin America in the case of Dollarcity), as well as underlying rules and regulations with respect to transfer pricing. These interpretations involve judgments and estimates and may be challenged through government taxation audits that the Corporation is regularly subject to. New information may become available that causes the Corporation to change its judgment regarding the adequacy of existing income tax assets and liabilities; such changes could impact net earnings in the period that such a determination is made.

Market Risks***Retail Competition***

The Corporation operates in the value retail industry, which is highly competitive with respect to, among other things, price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment could materially adversely affect the Corporation's business and financial results due to the lower prices, and thus lower margins, that could be required to maintain its competitive position. Companies operating in the value retail industry have limited ability to increase prices in response to increased costs. This limitation combined with the impact of the current inflationary environment on costs may also affect margins and financial performance.

The Corporation competes for customers, employees, store sites, products and services and in other important aspects of its business with many other local, regional and national retailers, including multi-price dollar stores, variety and discount stores and mass merchants. These retailers compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. Management expects that the Corporation's expansion plans will increasingly bring it into direct competition with those other retailers.

Given the lack of significant economic barriers for other companies to open dollar stores or develop dollar store concepts within their existing retail operations, competition may also increase as a result of new value retailers entering into the markets in which the Corporation operates. If the Corporation fails to respond effectively to competitive pressures and changes in the retail markets, its business and financial results could be materially adversely affected.

Economic Conditions

Adverse global or Canadian economic conditions affecting disposable consumer income, discretionary spending, employment levels, consumer debt levels, credit availability, business conditions, international trades, import costs, fuel and energy costs, rent, inflation, interest rates and tax rates could materially adversely affect the Corporation's business and financial results by reducing consumer spending or causing customers to shift their spending to other products the Corporation either does not sell or does not sell as profitably, which could translate into decreased sales volumes, slower inventory turnover and lower gross margin for the Corporation. In addition, similar adverse economic conditions could materially adversely affect the Corporation, its suppliers or other business partners by reducing access to liquid funds or credit, increasing the cost of credit, limiting the ability to manage interest rate risk, increasing the risk of insolvency or bankruptcy of suppliers, landlords or financial counterparties, increasing the cost of goods (including as a result of rising raw material, shipping or importing costs), and other impacts which cannot be fully anticipated.

E-Commerce and Disruptive Technologies

While the Corporation has an indirect online presence through its partnerships with third-party online delivery platforms, the Corporation faces competition from online retailers, especially as an increasing number of consumers shop online. Aggressive growth of e-commerce competitors and changing consumer habits could have a material adverse impact on the Corporation's business and financial results. As part of the Corporation's e-commerce initiative,

customers expect innovative concepts and a positive customer experience, including a user-friendly website, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. The Corporation is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems do not function effectively, the Corporation's ability to maintain and potentially grow its e commerce business could be adversely affected.

Human Resources Risks

Reliance on Key Personnel

The Corporation's senior executives have extensive experience in the industry and with the business, suppliers, products and customers. The loss of management knowledge, expertise and technical proficiency as a result of the loss of one or more members of the core management team, could result in a diversion of management resources or a temporary executive gap, and negatively affect the Corporation's ability to develop and pursue other business strategies, which could materially adversely affect its business and financial results. In addition, the expertise pertaining to purchasing and import management, especially as it relates to the dollar store industry, is rare and the loss of key executives leading those functions could have a material adverse effect on the Corporation's ability to continue to offer a compelling product offering to its customers, which in turn could materially adversely affect its business and financial results.

As the Corporation's activities continue to grow, it must also continue to hire additional highly qualified individuals at corporate level, including key procurement, replenishment, project management, IT, finance, legal, and technical personnel, and to manage its growing network of stores. There can be no assurance that the Corporation will be able to attract or retain such qualified personnel in the future, which would adversely affect its business and financial results.

Recruitment, Retention and Management of Quality Employees

Future growth and performance depend, among other things, on the Corporation's ability to attract, retain and motivate quality employees, many of whom are in positions with historically high rates of turnover. The Corporation's ability to meet its labour needs, while controlling labour costs, is subject to many external factors, including the competition for and availability of quality personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, changing demographics, health and other insurance costs and changes in employment and labour legislation (including changes in the process for employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). More specifically, in the event of a labour shortage affecting the Corporation's warehouse and distribution centre staffing needs, the Corporation could experience difficulty delivering its products to stores in a timely manner and could be forced to increase wages and benefits in order to attract and retain workers, which would result in higher operating costs and reduced profitability.

In addition, the Corporation must be able to successfully manage personnel throughout its vast, geographically dispersed network of stores.

The Corporation's employees are not unionized. Should any portion of its employee base attempt to unionize, the successful negotiation of a collective bargaining agreement cannot be assured. In addition, should any portion of the Corporation's employee base become subject to a collective bargaining agreement, the Corporation may be required to make targeted adjustments to its business model. Protracted and extensive work stoppages or labour disruptions resulting from any portion of the Corporation's employee base becoming subject to a collective bargaining agreement or otherwise, could materially adversely affect the Corporation's business and financial results.

Technology Risks

Information Technology Systems

The Corporation depends on its information technology systems for the efficient functioning of its business, including financial reporting and accounting, purchasing, inventory management and replenishment, labour forecasting and scheduling, payroll processing, data storage, customer transactions processing and store communications.

Enterprise-wide software solutions enable management to efficiently conduct operations, and gather, analyze and assess information across all business functions and geographic locations.

Management believes that the Corporation's information technology architecture is resilient, relying on redundant material components to prevent material failures, redundant telecommunication links to prevent communication failures and a synchronous disaster recovery site to provide service continuity in the event of a server room disaster. However, systems may be subject to damage or interruption resulting from power outages, computer and telecommunication failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security incidents and breaches, cyber-attacks, catastrophic events, usage errors by employees or contractors, civil or political unrest, or armed hostilities. The current geopolitical instability has exacerbated these threats, which might lead to increased risk, volume and frequency of cybersecurity incidents. Actual or anticipated attacks may cause the Corporation to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Difficulties with the hardware and software platform or with keeping pace with its growing IT capacity requirements may require the Corporation to incur substantial costs to repair or replace it, could result in a loss of critical data or could disrupt operations, including the Corporation's ability to timely ship and track product orders, forecast inventory requirements, manage the supply chain, process customer transactions and otherwise adequately service customers, which, in each case, could have a material adverse effect on the Corporation's business and financial results. Prolonged disruptions to information technology systems may reduce the efficiency of the Corporation's operations, which could materially adversely affect its business, reputation and financial results.

The Corporation relies heavily on information technology staff and consultants. Failure to meet staffing needs or to retain competent consultants may have an adverse effect on its ability to pursue technology-driven initiatives and to maintain and periodically upgrade many of its information systems and software programs, which could disrupt or reduce the efficiency of its operations and materially adversely affect its business and financial results.

The Corporation also depends on security measures that some of its third-party service providers are taking to protect their own systems and infrastructure. For instances, the outsourcing of certain functions requires the Corporation to sometimes grant network access to third parties. The rapid and exponential growth of cloud computing has resulted in the emergence of a global ecosystem of digital tools and applications that have been increasingly adopted by the Corporation and its peers. Migration to cloud-based providers has increased reliance on third-party technology providers and the associated exposure to risks of such service providers ceasing business operations, changing their business models, reducing functionality or experiencing cyberattacks or system outages. If any third-party service providers do not maintain adequate security measures in accordance with contractual requirements, the Corporation may experience operational difficulties and increased costs.

The Corporation incorporates and expects to continue to incorporate artificial intelligence (AI) technologies into its business and operations from time to time. However, there can be no assurance that investments made in these technologies and related processes and tools will provide a valuable return, if any. Moreover, the effective use of AI often requires large volumes of data which is sometimes provided to third parties in doing so. Any breach or misuse of this data could lead to significant legal and reputational consequences which could adversely affect the Corporation's business and financial results. Furthermore, given the evolving environment with regards to AI, factors such as government regulations, contractual obligations, public perception and market demand can change rapidly, potentially leading to additional risks and costs for the Corporation.

Cybersecurity, Privacy and Data Breaches

Information security risks have increased in recent years due to the proliferation of new technologies and the growing sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. They can be orchestrated by malevolent actors within or outside an organisation or can be the result of human error. Cyber-threats in particular vary in technique and sources, are persistent, and are increasingly more frequent, targeted and difficult to detect and prevent.

Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Corporation's or its third-party service providers' information technology systems, networks and websites, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install ransomware or malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation

and reputational harm affecting customer and investor confidence. An investigation into a cybersecurity incident could also take a significant amount of time to complete. Cyber-attacks and security breaches could therefore materially adversely affect the Corporation's business and financial results.

In addition to technological risks, the Corporation has increasingly demanding compliance obligations with respect to personal information protection legislation. In the last several years, Canada and Quebec have introduced requirements around breach reporting. Recent amendments to Quebec's public and private sector personal information protection laws which became effective in September 2023 have required substantial operational changes for the Corporation, including improvements to personal information protection governance structures, and introduced new data-subject rights and substantial penalties for non-compliance. Canada has also introduced Bill C-27 with the aim of overhauling its federal legislation, the Personal Information Protection and Electronic Documents Act. While, at the store level, the Corporation does not store customer data on its systems, such as card numbers and other customer personally identifiable information, the Corporation stores certain personally identifiable information of its online customers through its website, such as names and addresses, and through third-party service providers, including cardholder data and through its customer service platform. The Corporation also collects and processes personal information relating to its employees. Both personal information about customers and employees can, from time to time, be disclosed to third-party service providers involved in the business of the Corporation. Moreover, during the ordinary course of its business, the Corporation collects and maintains proprietary and confidential information related to its business and affairs, including its suppliers and employees. The Corporation stores and processes such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to, customers, suppliers, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Corporation to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Corporation's systems, even if no breach has been attempted or has occurred, could also adversely impact the Corporation's brand and reputation, attract investigations by government bodies and materially impact its business and financial results.

The Corporation has adopted a Privacy Policy which governs the Corporation's collection and treatment of personal information. The Corporation has also dedicated resources and utilizes third-party technology products and services to help protect the Corporation's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber incidents. Given the unforeseeability of these events and, increased remediation costs, such measures may not be adequate or effective to prevent or identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could cause damage in excess of any available insurance, and could materially adversely affect its business and financial results. As well, given the integration of the Corporation's systems with those of many third-party service providers, a cyber-incident suffered by them may also affect the Corporation.

Strategy and Corporate Structure Risks

Growth Strategy

The Corporation's ability to successfully execute its growth strategy, including as it relates to identifying and developing new growth opportunities, will depend largely on its ability to successfully open and operate new stores, which, in turn, will depend on a number of operational, financial, and economic factors, including whether it can:

- locate, lease, build out, and open stores in suitable locations on a timely basis and on favourable economic terms;
- hire, train, and retain an increasing number of quality employees at competitive rates of compensation and maintain the corporate culture across the workforce;
- supply an increasing number of stores with the proper mix and volume of merchandise;
- expand within the markets of Canada, including Ontario, Quebec and the Maritimes, where it is already well established and where new stores may draw sales away from existing stores;
- expand into new geographic markets, including Latin America, where it has no or a limited presence and Australia;
- procure efficient logistics and transportation services for those new markets;

- successfully compete against local competitors; and
- build, expand and upgrade warehousing and distribution facilities as well as store support systems in an efficient, timely and economical manner.

Any failure by the Corporation to achieve these goals could materially adversely affect its ability to continue to grow. In addition, if the expansion occurs as planned, the Corporation's store base will include a relatively high proportion of stores with a relatively short history of operations. If new stores on average fail to achieve results comparable to existing stores, the Corporation's business and financial results could be materially adversely affected.

Through its 60.1% and 80.05% equity interests in CARS and ICM, respectively, the Corporation has a second growth platform in Latin America. Dollarcity, which is headquartered in Panama, currently operates stores in El Salvador, Guatemala, Colombia and Peru and expects to open its first stores in Mexico in the summer of 2025. The Corporation's ability to further develop this growth platform depends largely on the ability of Dollarcity to successfully expand its store network within such territories and the other territories mutually agreed upon between the parties (comprised of Honduras, Costa Rica, Nicaragua, Panama and Ecuador), which, in turn, depends on a number of operational and financial factors similar to those that the Corporation has to contend with in Canada, in addition to economic, social and geopolitical factors arising specifically in the countries where Dollarcity operates and the legal environment governing its Latin American operations. Moreover, the expansion of the Corporation's existing international operations and entry into additional international markets, including Australia, in connection with the previously announced TRS Acquisition, is expected to require management attention and financial resources.

As per the terms of the Stockholders Agreement entered into among Dollarama International Inc. and Dollarcity's founding stockholders, who have a 39.9% and 19.95% equity interests in CARS and ICM, respectively, while the Corporation has a majority interest in Dollarcity, certain strategic and operational decisions are subject to the approval of all stockholders. These include, but are not limited to, decisions related to capital structure, nature of the business, merger and acquisition activities, executive officer appointments and remuneration, approval of annual budget and business plan, and any entry into a new country. Dollarcity's founding stockholders may in the future have interests that are different from the Corporation's interests, which may result in conflicting views as to the conduct of the business of Dollarcity. In the event of a disagreement regarding the resolution of any particular issue, or regarding the management or conduct of the business of Dollarcity, the Corporation may not be able to resolve such disagreement in its favor and such disagreement could have a material adverse effect on the business and financial results of Dollarcity in general which could, in turn, materially adversely affect the Corporation's business and financial results. As a result, Dollarcity's success will also depend on the ability of Dollarcity's stockholders to reach agreements with respect to the strategic direction of Dollarcity and other important aspects of the Dollarcity business in the future.

On March 26, 2025, the Corporation announced that it had entered into a definitive agreement to acquire all of the issued and outstanding ordinary shares of TRS, with completion of the acquisition expected to occur in the second half of calendar 2025. The expected timing and completion of the TRS Acquisition are subject to customary closing conditions, termination rights and certain risks and uncertainties and, as such, there can be no assurance that the proposed acquisition will occur in a timely manner or at all, or that it will occur on the terms and conditions currently contemplated. There can also be no assurance that the Corporation will be successful in integrating TRS or that the potential benefits expected to result from the proposed acquisition will be realized. Realization of the anticipated benefits of the TRS Acquisition will also depend in part on management's ability to successfully consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to achieve the anticipated growth opportunities and synergies expected from the acquisition. In evaluating the TRS Acquisition and the potential of TRS, management relied on several assumptions, including assumptions related to the integration of TRS into the Corporation's business, potential synergies, and the outlook for the Australian retail market and economic conditions. If any of these assumptions prove inaccurate, it could negatively impact the integration of TRS into the Corporation's business, its performance following the closing of the TRS Acquisition, and the Corporation's plans for its future.

Corporate Structure

Dollarama Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Corporation is subject to the risks attributable to Dollarama Inc.'s subsidiaries. As a holding company, Dollarama Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of Dollarama Inc.'s revenues. Consequently, Dollarama Inc.'s cash flows, and its ability to meet financial obligations and to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Dollarama Inc. The ability of these entities to pay dividends and other

distributions will depend on their operating results and may potentially be constrained by various contractual restrictions, including, in the case of CARS and ICM, certain conditions or approval rights under the Stockholders Agreement entered into among Dollarama International Inc. and Dollarcity's founding stockholders. Dollarama Inc.'s subsidiaries are distinct legal entities and have no obligation to make funds available to Dollarama Inc. or any of its creditors, except in certain circumstances and subject to certain terms and conditions in the case of a subsidiary that is a guarantor of Dollarama Inc.'s obligations. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Dollarama Inc.

Business Continuity Risks

Adverse Weather, Natural Disasters, Climate Change, Geopolitical Events, Wars and Acts of Terrorism, Pandemic and Epidemic Outbreaks

The occurrence of one or more natural disasters, such as earthquakes and hurricanes, unusually adverse weather exacerbated by global climate change or otherwise, pandemic or epidemic outbreaks, prolonged IT system failures, national trade policies, boycotts and geopolitical events, such as civil unrest in countries in which suppliers are located or in which the Corporation, including through Dollarcity, operates, war, violence, or disruptive global political events (for example, the increased tensions between China and the Western countries), and acts of terrorism, or similar disruptions could materially adversely affect the Corporation's business and financial results. Furthermore, the impact of any such events on its business and financial results could be exacerbated if they occur during a period of the year when sales generally increase, such as the winter holidays season or any other major holidays and celebrations.

These events could result in physical damage to, or the complete loss of, one or more of the Corporation's or Dollarcity's properties, increases in fuel or other energy prices, disruption to information systems, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transportation of goods from overseas, delays in the delivery of goods to warehouses, distribution centres or stores, the temporary or permanent closure of one or more warehouses or distribution centre or of one or more stores, the temporary reduction in the availability of products in stores, delays in opening new stores, a temporary workforce unavailability in a market or a surge in unemployment, the temporary reduction of store traffic, significant disruption in everyday life and consumer spending habits in the markets in which the Corporation operates and/or the loss of sales. These factors could materially adversely affect the Corporation's business and financial results, for a short or long period, and there is no assurance that business will resume and reach historical levels after any such event.

Insurance

The Corporation's insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that management believes are reasonable based on the nature and size of the Corporation's operations. However, there are types of losses against which the Corporation cannot be insured or which management chose not to insure, in some cases because it believes it is not economically reasonable to do so, such as losses due to acts of war, nuclear disaster, pandemic, epidemic, reputational risks, supply chain issues, certain cyber risks, product recalls, employee turnover, strikes and some natural disasters. If the Corporation incurs these losses and they are material, its business and financial results could be materially adversely affected. In addition, certain material events may result in sizable losses for the insurance industry and materially adversely affect the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, the Corporation may elect to increase its level of self-insurance, accept higher deductibles or reduce the amount of coverage in response to these market changes. Although it continues to maintain property insurance for catastrophic events, the Corporation is effectively self-insured for property losses up to the amount of its deductibles. If it experiences a greater number of these losses than anticipated, the Corporation's business and financial results could be materially adversely affected.

Legal and Regulatory Risks

Product Liability Claims and Product Recalls

The Corporation imports and sells products manufactured by unaffiliated third parties, including shelf-stable food products for human consumption. To the extent that manufacturers do not adhere to product safety requirements or quality control standards, the Corporation may not be able to identify the deficiency before merchandise is shipped to stores and sold to customers. As a result, the products sold by the Corporation may expose it to product liability claims

relating to personal injury, death or property damage, and may require the Corporation to take actions or act as a defendant in a litigation. In addition, if suppliers are unable or unwilling to recall products failing to meet quality standards, the Corporation may be required to remove merchandise from the shelves or recall those products at a substantial cost. Product liability claims and product recalls may affect customers' perception of the business or the brand and harm the Corporation's reputation, which may materially adversely affect its business and financial results. Although the Corporation maintains liability insurance to mitigate potential claims, it cannot be certain that coverage will be adequate or sufficient to cover for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Regulatory Environment

The Corporation is subject to many laws and regulations, including laws and regulations related to, among other things, permits and licences, merchandise quality, product labelling, product safety, consumer protection, employment and labour matters, health and safety, supply chain transparency, intellectual property, data privacy and security, environmental levies, trade and customs, publicly traded securities, anti-trust and competition, bribery, corruption, accounting standards and climate change.

Compliance with existing laws and regulations often involves subjective assumptions, estimates and/or judgments. New laws or regulations, changes in the interpretation, implementation or enforcement of any laws and regulations or changes in the underlying assumptions, estimates or judgments to their interpretation, could require the Corporation to make significant system or operating changes or require it to make significant expenditures or incur substantial costs or require it to make changes to its public disclosure, all of which could materially adversely affect its business and financial results. In addition, untimely compliance or non compliance with any laws and regulations could trigger litigation or governmental enforcement action, or require the payment of any fines or penalties, and harm the Corporation's reputation, which could materially adversely affect the Corporation's business and financial results.

Furthermore, as the Corporation's sourcing strategy relies heavily on directly imported merchandise from overseas, mainly from China, any violation of applicable local laws and regulations by one or more suppliers, including laws and regulations related to, among other things, labour practices, including forced labour and child labour, health and safety, and environmental protection, could also materially adversely affect the Corporation's brand image and reputation.

In addition, the Corporation and its representatives are subject to anti-corruption and anti-bribery laws that prohibit improper payments directly or indirectly to government officials, authorities, or persons defined in those anti-corruption and anti-bribery laws, in order to obtain business or other improper advantages in the conduct of business. Failure by the Corporation or any of its employees, subcontractors, suppliers, agents, and/or representatives to comply with anti-corruption and anti-bribery laws could result in criminal, civil and administrative legal sanctions and negative publicity, and could materially adversely affect the Corporation's business and financial results as well as its brand image and reputation.

Litigation

The Corporation's business is subject to the risk of litigation by employees, customers, consumers, product suppliers, service providers, other business partners, competitors, shareholders, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including, in the case of administrative proceedings, as a result of reviews by taxation authorities. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. In addition, certain of these lawsuits or claims, if decided adversely to the Corporation or settled by it, may result in liability material to its financial statements as a whole or may negatively affect operating results if changes to business operations are required. In addition, in connection with its business activities, the Corporation is subject to reviews by taxation authorities. There is no assurance that any such reviews will not result in taxation authorities challenging any of its tax filings.

The cost to defend or settle litigation may be significant. There also may be adverse publicity associated with litigation, including without limitation litigation related to product safety, which could negatively affect customer perception of the business or the brand, regardless of whether the allegations are valid or whether the Corporation is ultimately found

liable. As a result, litigation could materially adversely affect the Corporation's reputation, business and financial results.

Environmental Compliance

Under various federal, provincial, and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

Certain of the facilities that the Corporation occupies have been in operation for many years and, over such time, the Corporation and the prior owners or occupants of such properties may have generated and disposed of materials, which are or may be considered hazardous. Accordingly, it is possible that environmental liabilities may arise in the future as a result of any generation and disposal of such hazardous materials. Although it has not been notified of, and management is not aware of, any current material environmental liability, claim, or non-compliance, the Corporation could incur costs in the future related to its properties in order to comply with, or address any violations under, environmental laws and regulations.

In the ordinary course of business, the Corporation sometimes uses, stores, handles or disposes of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. Also, products sold by the Corporation may be subject to environmental regulations prohibiting or restricting the use of certain toxic substances in the manufacturing process.

The Corporation cannot predict the environmental laws or regulations that may be enacted in the future or how existing or future laws and regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretations of existing laws and regulations, may require additional expenditures or impose fines or penalties, which could vary substantially from those currently anticipated and could materially adversely affect the Corporation's business and financial results.

Climate Change

Climate change is an international concern that is receiving increasing attention worldwide. The Corporation recognizes that physical risks (such as extreme weather conditions, drought, and rising sea levels) resulting from climate change, either event-driven or longer-term shifts in climate patterns, as well as transition risks (such as regulatory or technology changes), may have operational, financial and reputational impacts on its business and activities and throughout its supply chain. These events and their effects on the Corporation's business and activities may have a material adverse effect on its business, financial results and reputation.

The Canadian government has established a number of policy measures in response to concerns relating to climate change. While the impact of these measures cannot be quantified at this time, the likely effect will be to increase costs for fuels, electricity and transportation; restrict industrial emission levels; impose added costs for emissions in excess of permitted levels; and increase costs for monitoring and reporting. Compliance with these initiatives could require the Corporation to make significant system or operating changes or require it to make significant expenditures or incur substantial costs, all of which could materially adversely affect its business and financial results.

Increased public awareness and concern regarding global climate change may result in new or more stringent legislative and/or regulatory requirements to tax, reduce or report greenhouse gas (GHG) emissions or mitigate their effects. GHG regulations could require the Corporation to purchase allowances to offset the Corporation's own emissions or result in an overall increase in merchandise or operating costs or reduce customer demand for its products, any of which could materially adversely affect the Corporation's business and financial results. While additional regulation of emissions in the future appears likely, it is too early to predict whether any such regulations could ultimately have a material adverse effect on the Corporation's business or financial results.

Shareholder Activism

In recent years, publicly-traded companies have increasingly been subject to actions, demands or grievances from activist shareholders, including short sellers, relating to environmental or social issues, corporate governance, executive compensation practices, fiduciary duties of directors and officers, and strategic direction and operations, among other matters. Responding to these demands may be costly and time-consuming and may disrupt business

operations, divert management and employee attention, or present other legal and business challenges that could materially adversely affect the Corporation's business and financial results. Moreover, such investor activism could result in uncertainty of the direction of the Corporation, harm the business, hinder execution of the business strategy and initiatives and create adverse volatility in the market price and trading volume of the Corporation's shares.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures, including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. The CEO and the CFO evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings. They concluded that, as at February 2, 2025, the Corporation's design and operation of its disclosure controls and procedures was effective in providing reasonable assurance that material information regarding this MD&A, the consolidated financial statements and other disclosures was made known to them on a timely basis.

Management has developed a system for internal controls over financial reporting in order to provide reasonable assurance about the reliability of the financial information published and the preparation of the financial statements in accordance with GAAP. Furthermore, internal controls over financial reporting design provides reasonable assurance that the Corporation's financial information is reliable and that its financial statements have been prepared, for the purpose of publishing information, in accordance with GAAP. The CEO and the CFO are responsible for developing internal controls over financial reporting or the supervision of their development.

As at February 2, 2025, the CEO and the CFO evaluated the effectiveness of both disclosure controls and procedures and internal control over financial reporting. Based on these evaluations, the CEO and the CFO concluded that disclosure controls and procedures and internal control over financial reporting were effective as at February 2, 2025. In making the evaluation of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control - Integrated Framework* (commonly referred to as the 2013 COSO Framework).

There were no changes in internal control over financial reporting that occurred during the period beginning on January 29, 2024 and ended on February 2, 2025 that have materially affected, or are reasonably likely to materially affect internal control over financial reporting.

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.

The payment of each quarterly dividend remains subject to the declaration of that dividend by the Board of Directors. The actual amount of each quarterly dividend, as well as each declaration date, record date and payment date are subject to the discretion of the Board of Directors.

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 a liability of \$22.7 million 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 \$2.5 million was paid as at February 2, 2025.

On July 4, 2024, the Corporation announced the renewal of its normal course issuer bid and the approval from the TSX to 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 (the "2024-2025 NCIB"). All common shares purchased pursuant to the normal course issuer bid will either be cancelled

or placed in trust to facilitate the holding and administering of common shares that may be purchased by the Corporation to hedge its exposure in respect of grants made under its performance share unit plan, including to settle the Corporation's obligations under such plan.

During the fourth quarter of Fiscal 2025, 3,373,479 common shares were repurchased for cancellation under the 2024-2025 NCIB, for a total cash consideration of \$473.3 million, excluding the tax on share repurchases, representing a weighted average price of \$140.31 per share.

During Fiscal 2025, 8,119,971 common shares were repurchased for cancellation under the 2024-2025 NCIB and the normal course issuer bid previously in effect, for a total cash consideration of \$1,068.2 million, excluding the tax on share repurchases, representing a weighted average price of \$131.55 per share.

Share Information

The Corporation's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized.

As at April 3, 2025, there were 277,177,329 common shares issued and outstanding, including 143,699 shares repurchased and held in trust as treasury shares. In addition, there were 1,776,283 options, each exercisable for one common share, issued and outstanding as at April 3, 2025. Assuming exercise of all outstanding options, there would have been 278,953,612 common shares issued and outstanding on a fully diluted basis as at April 3, 2025. Refer to Note 13 of the Corporation's audited annual consolidated financial statements for Fiscal 2025 for additional information.

Additional Information

Additional information relating to the Corporation, including the Corporation's current annual information form, is available on SEDAR+ at www.sedarplus.ca. The Corporation is a publicly traded company listed on the TSX under the symbol "DOL".