



DOLLAR TREE®

Supplemental Financial Presentation

2nd Quarter 2024

Forward-looking Statements

This Supplemental Financial Presentation contains “forward-looking statements,” as that term is used in the Private Securities Litigation Reform Act of 1995, concerning our business and outlook, including our expected sales, comparable store sales, new store openings, depreciation, net interest expense, effective tax rate, adjusted diluted earnings per share, and capital expenditures for the third quarter and fiscal year 2024; our expected gross margins and SG&A expenses for fiscal year 2024; various underlying factors that impact our outlook for the third quarter and fiscal year 2024, and thereafter; our projected 2024 import volume by contract type; and our plans and expectations regarding various initiatives and investments.

These forward-looking statements are subject to risks and uncertainties, and our actual results may differ materially from those indicated in these statements.

For information on the risks and uncertainties that could affect our actual results, please see the “Risk Factors,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections in our Annual Report on Form 10-K filed on March 20, 2024, our Quarterly Report on Form 10-Q for the most recently ended fiscal quarter, and other filings we make from time to time with the Securities and Exchange Commission.

The forward-looking statements in this presentation are based on the company’s plans, estimates and expectations as of September 4, 2024, and you should not rely on these forward-looking statements as representing the company’s views after such date. Except as required by law, the company specifically disclaims any obligation to update any forward-looking statements contained in this presentation as a result of developments occurring after September 4, 2024, and you should not expect us to do so.



KEY TAKEAWAYS


Second Quarter 2024


- ✓ Adjusted diluted EPS was \$0.67, includes \$0.30 negative impact from general liability accrual
- ✓ **Gross Margins**
 - Expanded 80 bps at Dollar Tree and 50 bps at Family Dollar
 - SNAP and Shrink headwinds are beginning to moderate
- ✓ **Comp Growth**
 - 0.7% Enterprise || 1.3% Dollar Tree || -0.1% Family Dollar
 - Driven by traffic gains, partially offset by lower average ticket
 - Dollar Tree affected by soft discretionary demand and changing consumer buying behavior
 - Dollar Tree's 1,600 converted in-line multi-price stores outperformed with 4.6% comp store sales growth
 - Family Dollar top-line performance was in-line with outlook for “approximately flat” comp
- ✓ Returned \$91 million to shareholders by purchasing 0.75 million shares at an average price of \$120
- ✓ Through September 4th. reopened 85 former 99 Cents Only Stores as Dollar Trees in California and Southwest



Comparable Store Sales Composition

Traffic, Average Ticket, Consumables, and Discretionary¹

 DOLLAR TREE	FISCAL 2023					FISCAL 2024				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
TOTAL	3.4%	7.8%	5.4%	6.3%	5.8%	1.7%	1.3%	-	-	1.5%
Customer Traffic	5.5%	9.6%	7.0%	7.1%	7.4%	2.8%	1.4%	-	-	2.1%
Average Ticket	(2.1%)	(1.6%)	(1.5%)	(0.7%)	(1.5%)	(1.1%)	(0.1%)	-	-	(0.6%)
Consumables	6.9%	13.2%	11.1%	10.8%	10.5%	7.4%	4.7%	-	-	6.1%
Discretionary	1.2%	3.9%	1.1%	3.1%	2.3%	(3.3%)	(1.9%)	-	-	(2.6%)

 FAMILY DOLLAR	FISCAL 2023					FISCAL 2024				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
TOTAL	6.6%	5.8%	2.0%	(1.2%)	3.2%	0.1%	(0.1%)	-	-	0.0%
Customer Traffic	4.3%	3.4%	1.4%	0.7%	2.5%	0.9%	0.7%	-	-	0.8%
Average Ticket	2.2%	2.3%	0.7%	(2.0%)	0.7%	(0.8%)	(0.8%)	-	-	(0.8%)
Consumables	9.8%	9.5%	6.2%	2.2%	6.7%	1.4%	0.3%	-	-	0.8%
Discretionary	(4.4%)	(5.7%)	(12.5%)	(12.0%)	(8.8%)	(4.7%)	(1.7%)	-	-	(3.3%)



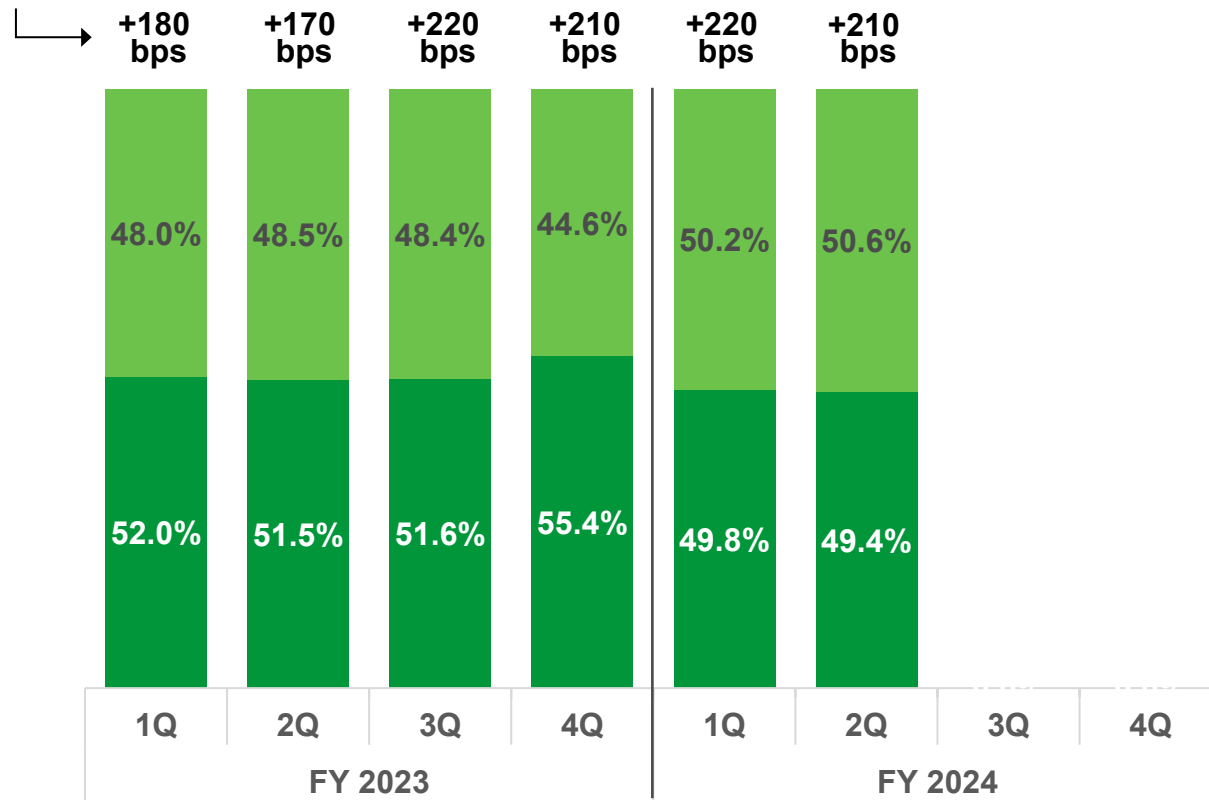
¹Compared to same period in prior fiscal year

Dollar Tree

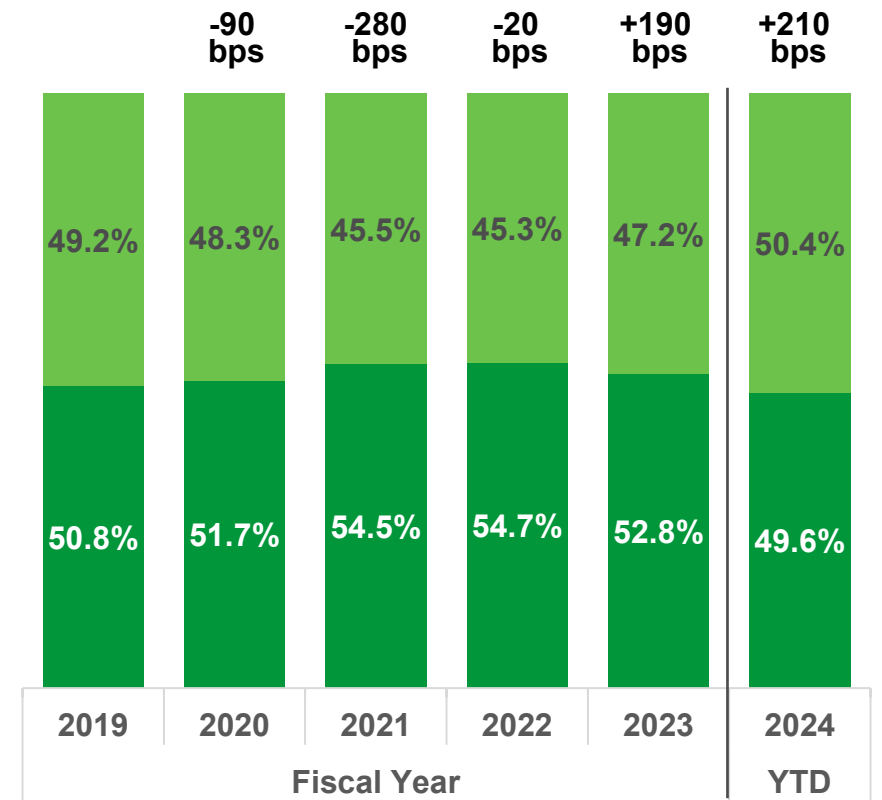
Consumables vs. Discretionary Mix Shift Over Time

Quarterly Results

YOY Consumables Mix Shift



Annual Results



■ Consumables
 ■ Discretionary (Seasonal & Variety)

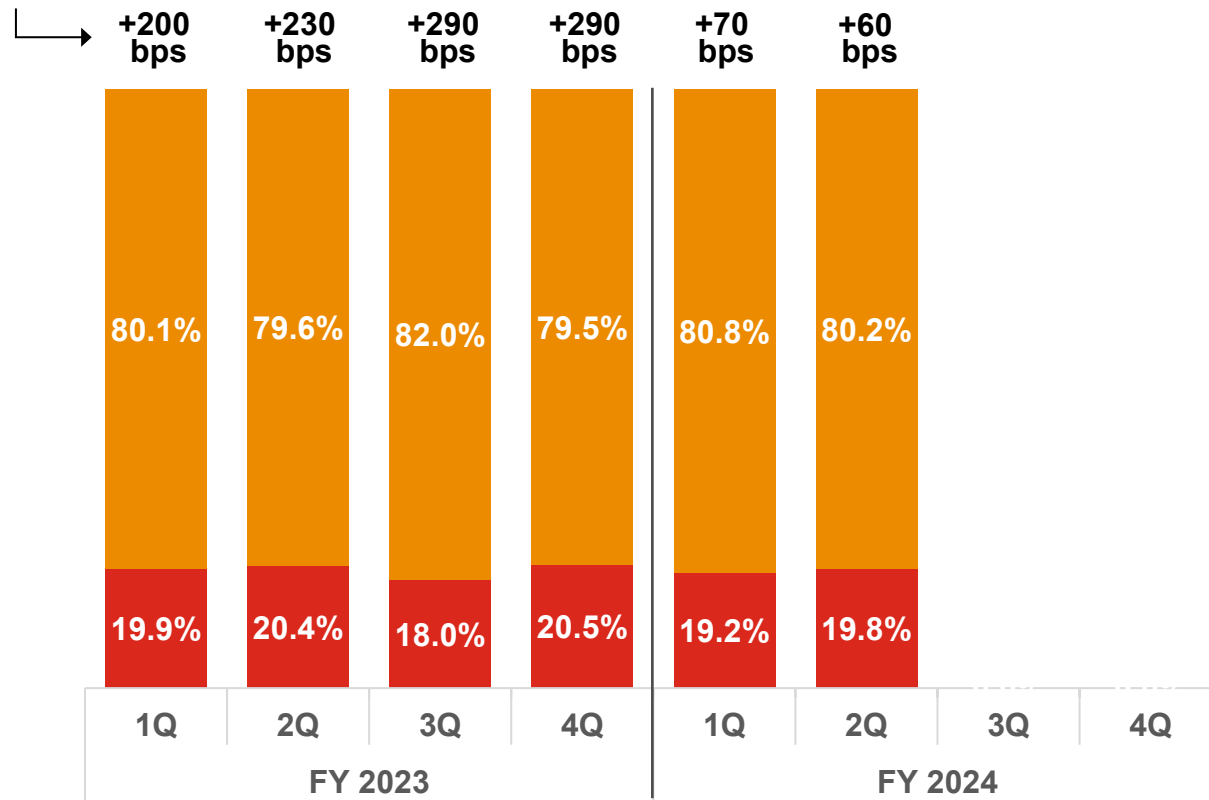


Family Dollar

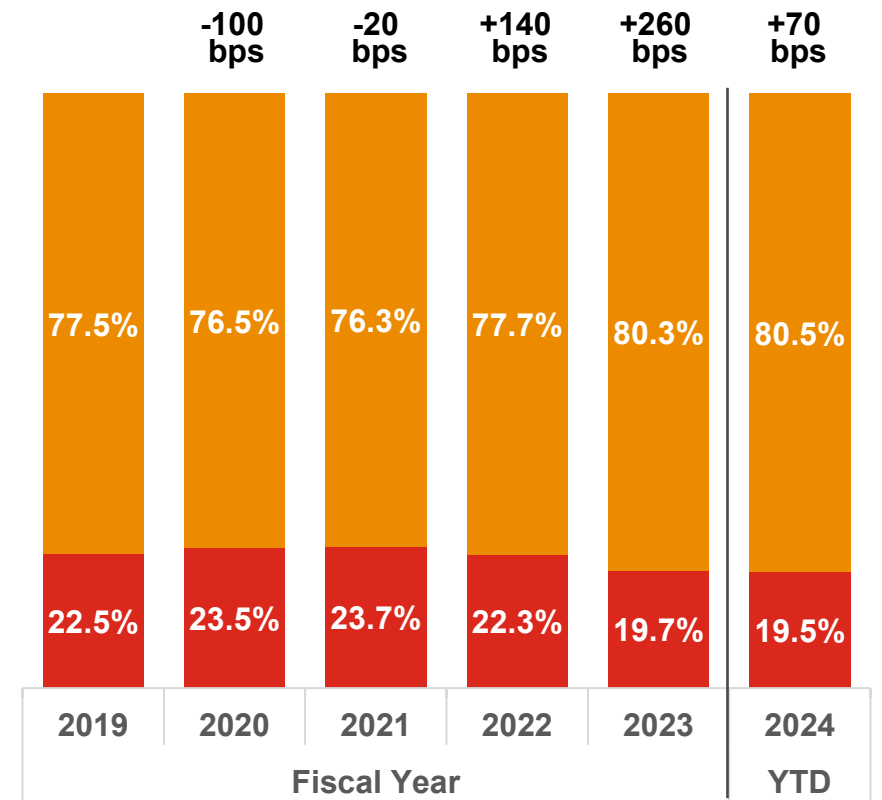
Consumables vs. Discretionary Mix Shift Over Time

Quarterly Results

YOY Consumables Mix Shift



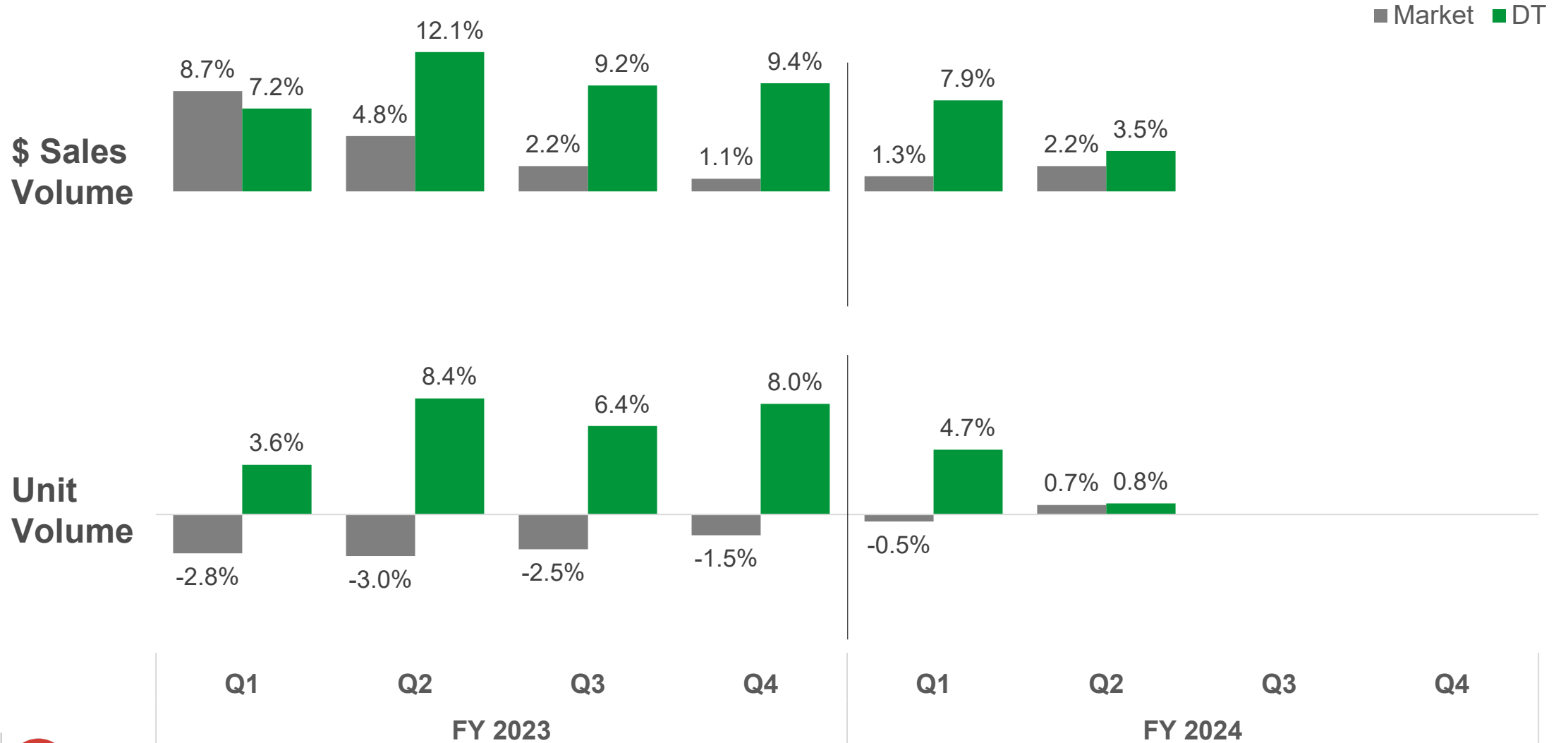
Annual Results



■ Consumables
 ■ Discretionary (Home, Apparel, Accessories, Seasonal, Electronics)

Dollar Tree Consumables Market Share

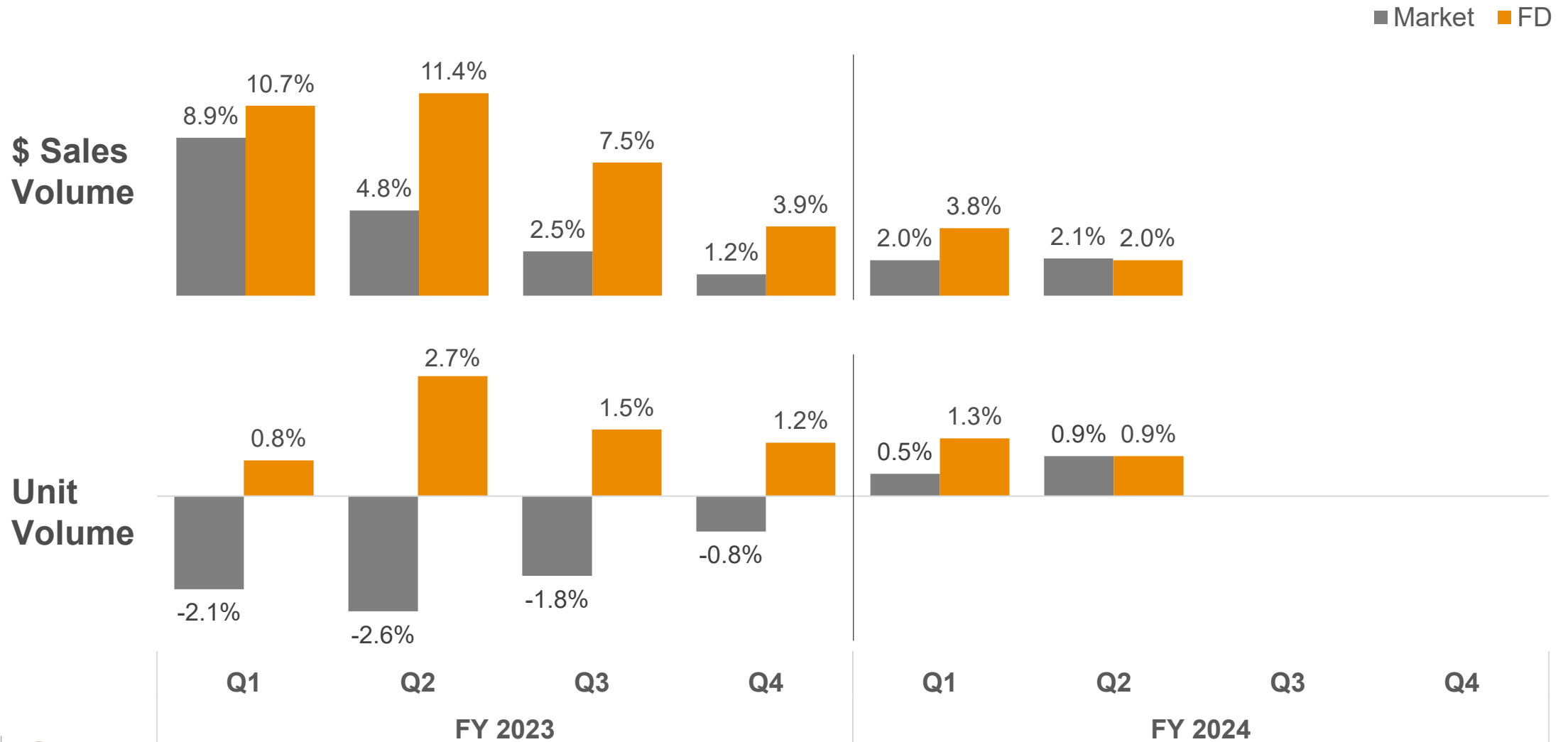
% Change vs. Last Year



Source: Nielsen Market Data in competing markets that include participating retailers across food, drug, mass, club, and dollar channels

Family Dollar Consumables Market Share

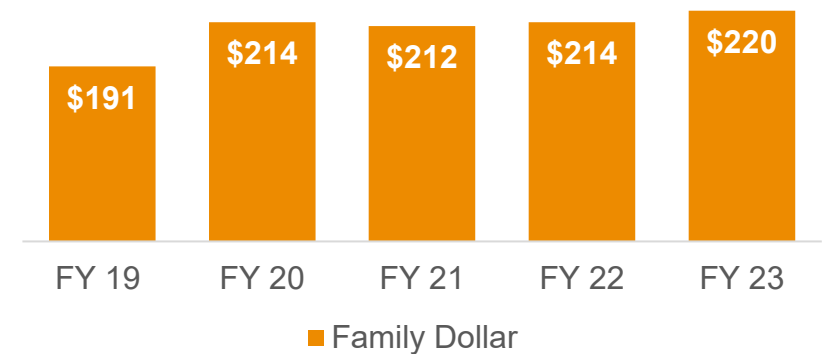
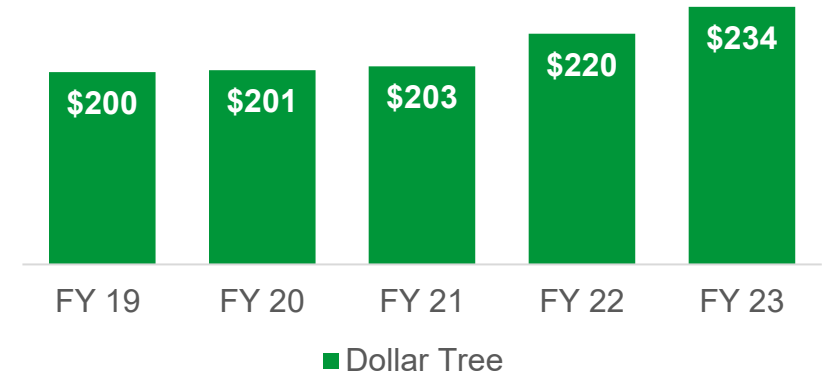
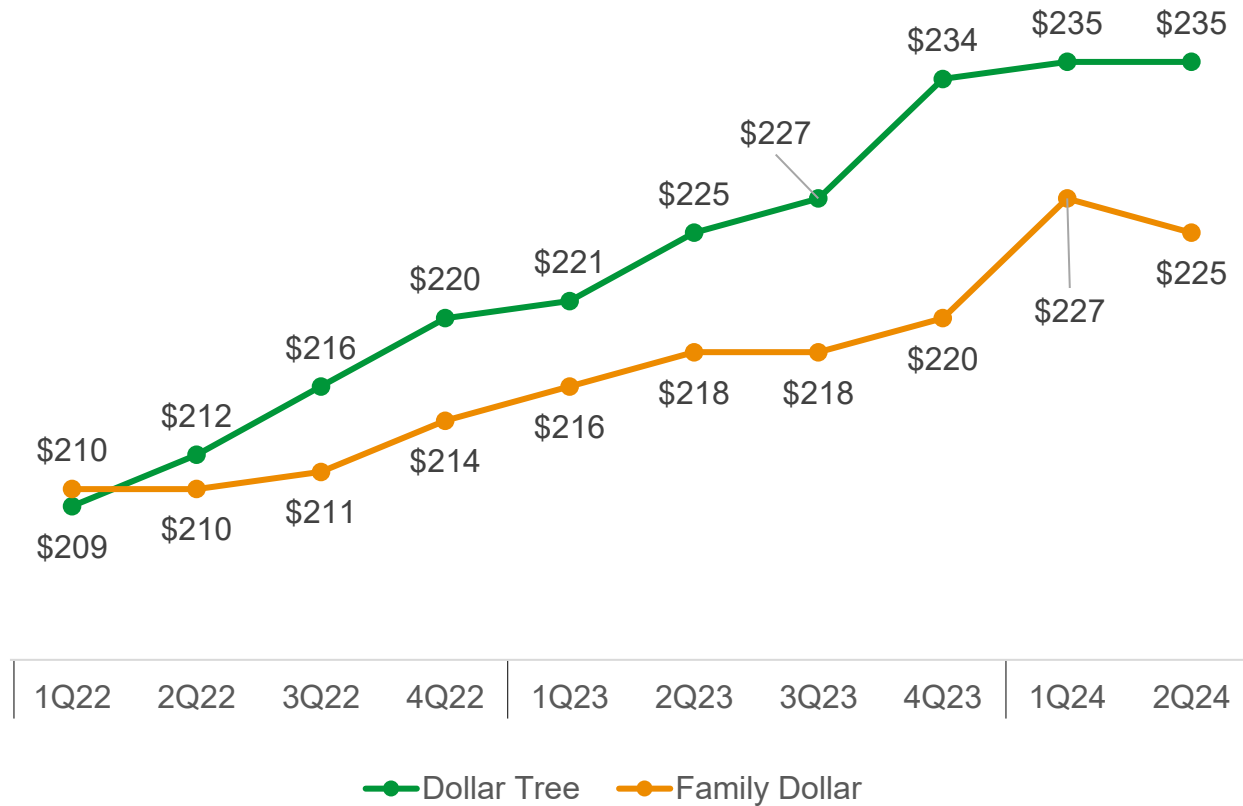
% Change vs. Last Year



Source: Nielsen Market Data in competing markets that include participating retailers across food, drug, mass, club, and dollar channels

Sales per Square Foot

by Business Segment




Note: Sales per square foot is calculated based on LTM net sales for the reporting period divided by the average selling square footage for the LTM period. As such, Family Dollar sales per square foot includes LTM net sales for the stores closed as part of the portfolio optimization, but those stores are not included in the period-ending selling square footage for 1Q24 and 2Q 2024 used to calculate average selling square footage for the LTM period.



Operating Margin (GAAP)

Year-Over-Year Basis Point Change


 DOLLAR TREE	FY 2024		Q2 Trend Drivers
	Q1	Q2	
Prior Year - GAAP	13.6%	10.3%	
Cost of sales	10	80	<ul style="list-style-type: none"> ↑ Lower freight costs ↓ Increased sales of higher cost consumables merchandise ↓ Higher occupancy costs due to loss of leverage from low-single-digit comp
Selling, general and administrative	(120)	(270)	<ul style="list-style-type: none"> ↓ Unfavorable development of general liability claims ↓ Higher depreciation from store investments ↓ Temporary labor to support multi-price rollout ↓ Higher utilities costs ↓ Loss of leverage due to low-single digit comp
Current Year - GAAP	12.5%	8.4%	
Variance vs. Last Year	-110 bps	-190 bps	

Note: Figures may not foot due to rounding



Operating Margin (Non-GAAP)

Year-Over-Year Basis Point Change

 DOLLAR TREE	FY 2024		Q2 Trend Drivers
	Q1	Q2	
Prior Year - Non-GAAP	13.6%	10.3%	
Cost of sales	10	80	<ul style="list-style-type: none"> ↑ Lower freight costs ↓ Increased sales of higher cost consumables merchandise ↓ Higher occupancy costs due to loss of leverage from low-single-digit comp
Selling, general and administrative	(120)	(270)	<ul style="list-style-type: none"> ↓ Unfavorable development of general liability claims ↓ Higher depreciation from store investments ↓ Temporary labor to support multi-price rollout ↓ Higher utilities costs ↓ Loss of leverage due to low-single digit comp
Current Year - Non-GAAP	12.5%	8.4%	
Variance vs. Last Year	-110 bps	-190 bps	

Note: Figures may not foot due to rounding



Operating Margin (GAAP)

Year-Over-Year Basis Point Change

FAMILY DOLLAR.	FY 2024		Q2 Trend Drivers
	Q1	Q2	
Prior Year - GAAP	0.3%	0.3%	
Cost of sales	40	50	<ul style="list-style-type: none"> ↑ Lower freight costs ↑ Lower occupancy costs resulting from stores closed in portfolio optimization ↓ Increased sales of higher cost consumable merchandise ↓ Higher distribution costs ↓ Higher dated product markdowns
Selling, general and administrative	40	(130)	<ul style="list-style-type: none"> ↓ Higher depreciation expense from store investments ↓ Unfavorable development of general liability claims ↓ Higher professional fees related to the Family Dollar strategic alternatives review ↓ Loss of leverage from the comparable store net sales decrease
Current Year - GAAP	1.1%	(0.4%)	
Variance vs. Last Year	80 bps	-70 bps	

Note: Figures may not foot due to rounding



Operating Margin (Non-GAAP)

Year-Over-Year Basis Point Change

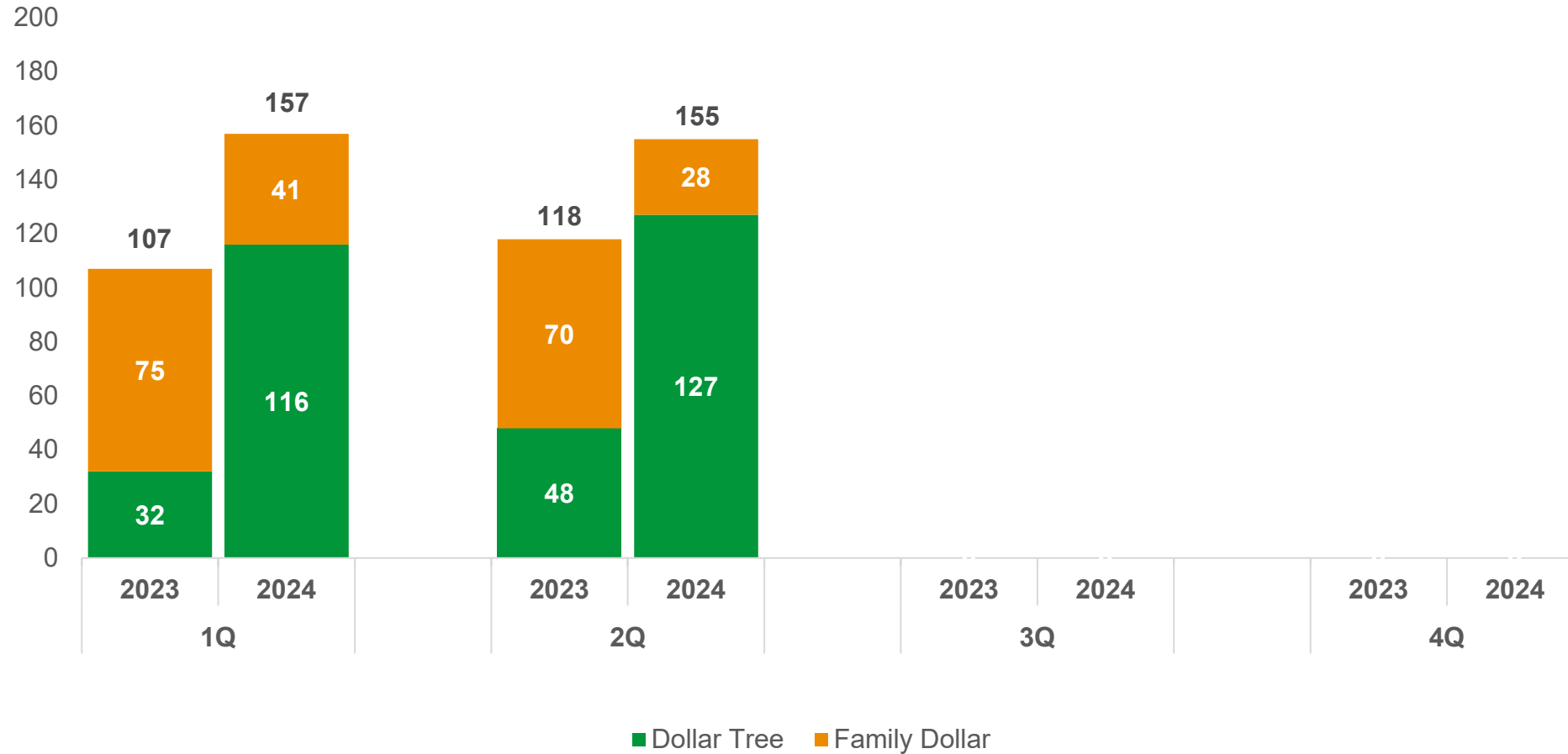
FAMILY DOLLAR.	FY 2024		Q2 Trend Drivers
	Q2	Q2	
Prior Year - Non-GAAP	1.2%	0.3%	
Cost of sales	40	50	<ul style="list-style-type: none"> ↑ Lower freight costs ↑ Lower occupancy costs resulting from stores closed in portfolio optimization ↓ Increased sales of higher cost consumable merchandise ↓ Higher distribution costs ↓ Higher dated product markdowns
Selling, general and administrative	(10)	(100)	<ul style="list-style-type: none"> ↓ Higher depreciation expense from store investments ↓ Unfavorable development of general liability claims ↓ Loss of leverage from the comparable store net sales decrease
Current Year - Non-GAAP	1.5%	(0.1%)	
Variance vs. Last Year	30 bps	-40 bps	

Note: Figures may not foot due to rounding



Fiscal 2024 New Store Openings

Pivot to Dollar Tree

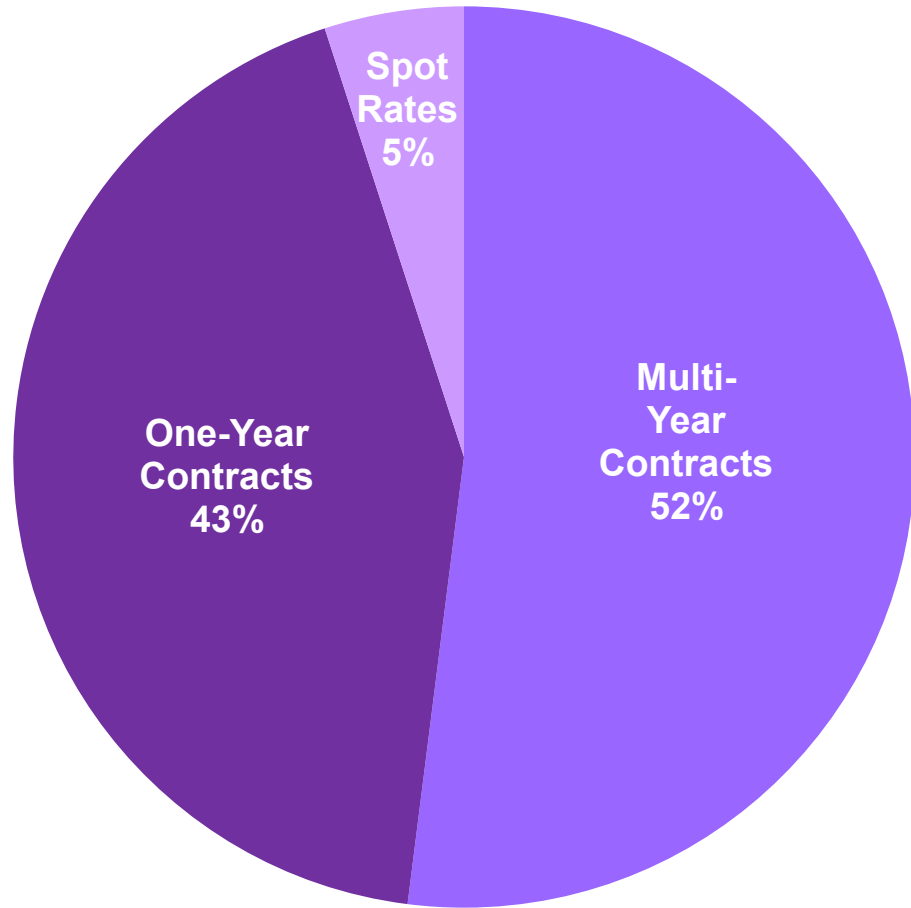


Year-to-Date	
2023	2024
145	69
80	243
225	312



Projected 2024 Import Volume

by Type of Contract



One-Year Contracts

These annual contracts are typically negotiated in March and April and go into effect at the beginning of May and run through April of the following year. As such, ocean freight costs in any given fiscal year under these contracts will reflect the negotiated rates from the prior year's contract for part of the year (February – May) and the negotiated rates from the current year's contract for the remaining part of the year (June -January).

Multi-Year Contracts:

These are contracts that have terms longer than a year. Our current multi-year contracts expire beyond 2024, as such we will be subject to the rates reflected in these contracts throughout FY 2024. Rates under these contracts are generally below current spot rates given the state of global freight markets at the time these contracts were executed.

Spot Rates:

We pay current market rates for only a small percentage of the ocean freight capacity that we utilize.



Updated Outlook

Third Quarter and Full-Year Fiscal 2024

	Third Quarter	Fiscal Year
Sales - Enterprise	\$7.4B - \$7.6B	\$30.6B - \$30.9B
<i>Comparable Sales - Dollar Tree</i>	<i>LSD</i>	<i>LSD</i>
<i>Comparable Sales - Family Dollar</i>	<i>LSD</i>	<i>LSD</i>
Comparable Sales - Enterprise	LSD	LSD
New Store Openings	-	600-650
Depreciation	-	~\$1.0B
Net Interest Expense	~\$31M	~\$110M
Effective Tax Rate	~24%	~24%
Adjusted Diluted Earnings per Share	\$1.05 - \$1.15	\$5.20 - \$5.60
Weighted Average Number of Shares ¹	~216M	~216M
Capital Expenditures	-	\$1.8B - \$1.9B
LSD = Low Single-Digit (0% to 3%) MSD = Mid Single-Digit (4% to 6%) HSD = High Single-Digit (7% to 10%)		

Note: (1) Assumes no incremental share repurchases



Outlook Details

Full-Year Fiscal 2024

Underlying Factors Impacting FY 2024 Outlook

- ✓ Fiscal Year 2024 is a 52-week year and ends February 1, 2025
- ✓ Gross Margins
 - Expect full-year gross margin of approximately 36.0% in the Dollar Tree segment
 - Expect full-year gross margin of approximately 25.0% in the Family Dollar segment
- ✓ Expect approximately \$0.80-\$0.90 per share of incremental benefit from reduced freight expenses in FY 2024
 - Given the relatively low level of our freight volume that is subject to spot rates, we believe our exposure to near-term volatility in global shipping markets is limited and may be partially offset by favorable domestic carrier rates.
- ✓ Expect enterprise SG&A expenses to be approximately 26% as a percentage of total revenue
 - Includes general liability cost adjustment taken in Q2
 - Expect SG&A expense for corporate, support, and other to be approximately 1.85% of total revenue
 - Dollar Tree segment SG&A outlook reflects incremental costs to reconfigure stores to expanded multi-price format
- ✓ FY 2024 outlook reflects approximately \$0.30 of incremental transportation and other costs related to the loss of our Marietta distribution center, approximately \$0.10 of which was realized in the second quarter.
- ✓ Expect shrink and mix to be essentially EPS neutral in 2H 2024 as a modest year-over-year tailwind in the Family Dollar banner offsets a modest year-over-year headwind in the Dollar Tree banner.
- ✓ FY 2024 outlook assumes approximately \$0.15 of EPS benefit, primarily in the second half of the year, from closing underperforming Family Dollar stores.
- ✓ FY 2024 outlook does not include any items that are part of our reconciliation between GAAP results and adjusted non-GAAP results.



Appendix: Non-GAAP Financial Measures

From time-to-time, the Company discloses certain financial measures not derived in accordance with GAAP. These non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purposes of analyzing operating performance, financial position, liquidity, or cash flows. The non-GAAP financial measures we have disclosed include adjusted selling, general and administrative expenses; adjusted selling, general and administrative expense rate; adjusted operating income (loss); adjusted operating income (loss) margin; adjusted net income; adjusted diluted earnings per share; adjusted effective tax rate; and free cash flow. The Company believes providing additional information in these non-GAAP measures that exclude the unusual expenses described below is beneficial to the users of its financial statements in evaluating the Company's current operating results in relation to past periods. In addition, the Company's debt covenants exclude the impact of certain unusual expenses. The Company has included a reconciliation of these non-GAAP financial measures to the most comparable GAAP measures in the following tables.

1. In the first quarter of fiscal 2023, the Company recorded a \$30.0 million charge to its legal reserve for West Memphis-related matters. In the fourth quarter of fiscal 2023, an additional \$26.7 million charge was recorded to the legal reserve for these matters. In the first quarter of fiscal 2024, the existing reserve was reduced by \$2.5 million based on updated information.
2. During the fourth quarter of fiscal 2023, we announced that we had initiated a comprehensive store portfolio optimization review which involved identifying stores for closure, relocation or re-bannering based on an evaluation of current market conditions and individual store performance, among other factors. In connection with this portfolio optimization review, we closed approximately 600 Family Dollar stores in the first half of fiscal 2024 and incurred more than \$24 million of costs including severance and retention expenses for impacted associates and other related closure costs. This included the closure of approximately 110 Family Dollar stores during the second quarter of fiscal 2024 and more than \$6 million of costs incurred.
3. During the first quarter of fiscal 2024, a tornado destroyed our Dollar Tree distribution center in Marietta, Oklahoma ("DC 8"). We incurred losses for damaged inventory and property and equipment, which are fully insured and therefore not contemplated in the non-GAAP adjustments below. In the second quarter of fiscal 2024, we incurred \$2.2 million of severance-related costs for employees at DC 8.
4. During the second quarter of fiscal 2024, we announced that we had initiated a formal review of strategic alternatives for the Family Dollar segment, which could include among others, a potential sale, spin-off or other disposition of the business. During the second quarter of fiscal 2024, we incurred consulting and other expenses totaling \$6.2 million related to the strategic review.



Appendix: Non-GAAP Financial Measures

Reconciliation of Adjusted Operating Income - Dollar Tree Segment

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2024		July 29, 2023		August 3, 2024		July 29, 2023	
Operating income (GAAP)	\$ 342.0	8.4%	\$ 397.8	10.3%	\$ 864.3	10.5%	\$ 933.5	12.0%
SG&A adjustments:								
Add: Severance	2.2	-%	-	-%	2.2	-%	-	-%
Total adjustments	2.2	-%	-	-%	2.2	-%	-	-%
Adjusted operating income (Non-GAAP)	<u>\$ 344.2</u>	<u>8.4%</u>	<u>\$ 397.8</u>	<u>10.3%</u>	<u>\$ 866.5</u>	<u>10.5%</u>	<u>\$ 933.5</u>	<u>12.0%</u>

Reconciliation of Adjusted Operating Income (Loss) - Family Dollar Segment

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2024		July 29, 2023		August 3, 2024		July 29, 2023	
Operating income (loss) (GAAP)	\$ (14.6)	(0.4%)	\$ 11.8	0.3%	\$ 22.3	0.3%	\$ 20.6	0.3%
SG&A adjustments:								
Add: Store Closure Costs	4.8	0.1%	-	-%	21.6	0.3%	-	-%
Add/Deduct: Legal Reserve	-	-%	-	-%	(2.5)	-%	30.0	0.4%
Add: Strategic Review Costs	6.2	0.2%	-	-%	6.2	0.1%	-	-%
Total adjustments	11.0	0.3%	-	-%	25.3	0.4%	30.0	0.4%
Adjusted operating income (loss) (Non-GAAP)	<u>\$ (3.6)</u>	<u>(0.1%)</u>	<u>\$ 11.8</u>	<u>0.3%</u>	<u>\$ 47.6</u>	<u>0.7%</u>	<u>\$ 50.6</u>	<u>0.7%</u>



Appendix: Non-GAAP Financial Measures

Reconciliation of Adjusted Diluted Earnings Per Share	13 Weeks Ended		26 Weeks Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Diluted net income per share (GAAP)	\$ 0.62	\$ 0.91	\$ 2.00	\$ 2.26
SG&A adjustments:				
Add: Store Closure Costs	0.03	-	0.11	-
Add/Deduct: Legal Reserve	-	-	(0.01)	0.14
Add: Strategic Review Costs	0.03	-	0.03	-
Add: Severance	0.01	-	0.01	-
Total adjustments	0.07	-	0.14	0.14
Provision for income taxes on adjustments	(0.02)	-	(0.04)	(0.02)
Adjusted diluted net income per share (Non-GAAP)	<u>\$ 0.67</u>	<u>\$ 0.91</u>	<u>\$ 2.10</u>	<u>\$ 2.38</u>

