



DOLLAR TREE[®]

Supplemental Financial Presentation

1st 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, selling square footage growth, depreciation, net interest expense, effective tax rate, diluted earnings per share, capital expenditures, and new store growth for the second 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 second quarter and fiscal year 2024, fiscal year 2025, and thereafter; 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 June 5, 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 June 5, 2024, and you should not expect us to do so.



KEY TAKEAWAYS


First Quarter 2024


- ✓ First Quarter 2024 adjusted diluted EPS was at the higher end of our outlook range.
- ✓ Comp growth of 1.0% for enterprise, 1.7% for Dollar Tree, and 0.1% for Family Dollar
- ✓ Comp driven by traffic gains, partially offset by lower average ticket
- ✓ Both banners continue to gain unit and dollar market share in consumables
- ✓ Dollar Tree comp affected by soft Easter as cold/wet weather hurt discretionary demand
- ✓ Pleased with early performance of Dollar Tree multi-price expansion and integration
- ✓ Q1 top line performance at Family Dollar was in line with expectations as pace of mix shift towards consumables slowed and SNAP headwinds moderated
- ✓ Returned \$310 million to shareholders by purchasing 2.5 million shares at an average price of \$122
- ✓ Announced strategic review of Family Dollar business segment to determine the best operational and ownership structure to support its transformation while simultaneously unlocking the full value of the Dollar Tree business segment



Comparable Store Sales Composition

Traffic, Average Ticket, Consumables, and Discretionary¹

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

 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%
Customer Traffic	4.3%	3.4%	1.4%	0.7%	2.5%	0.9%	-	-	-	0.9%
Average Ticket	2.2%	2.3%	0.7%	(2.0%)	0.7%	(0.8%)	-	-	-	(0.8%)
Consumables	9.8%	9.5%	6.2%	2.2%	6.7%	1.4%	-	-	-	1.4%
Discretionary	(4.4%)	(5.7%)	(12.5%)	(12.0%)	(8.8%)	(4.7%)	-	-	-	(4.7%)



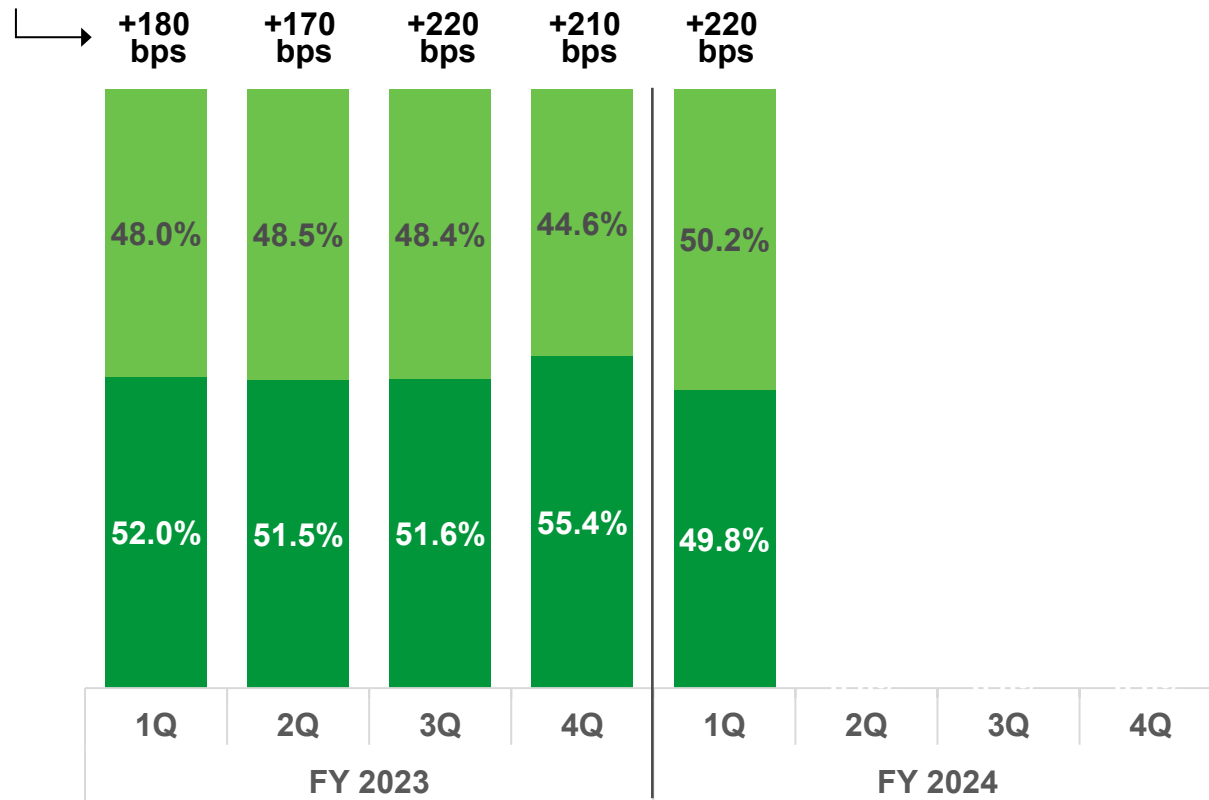
¹Compared to same period in prior fiscal year

Dollar Tree

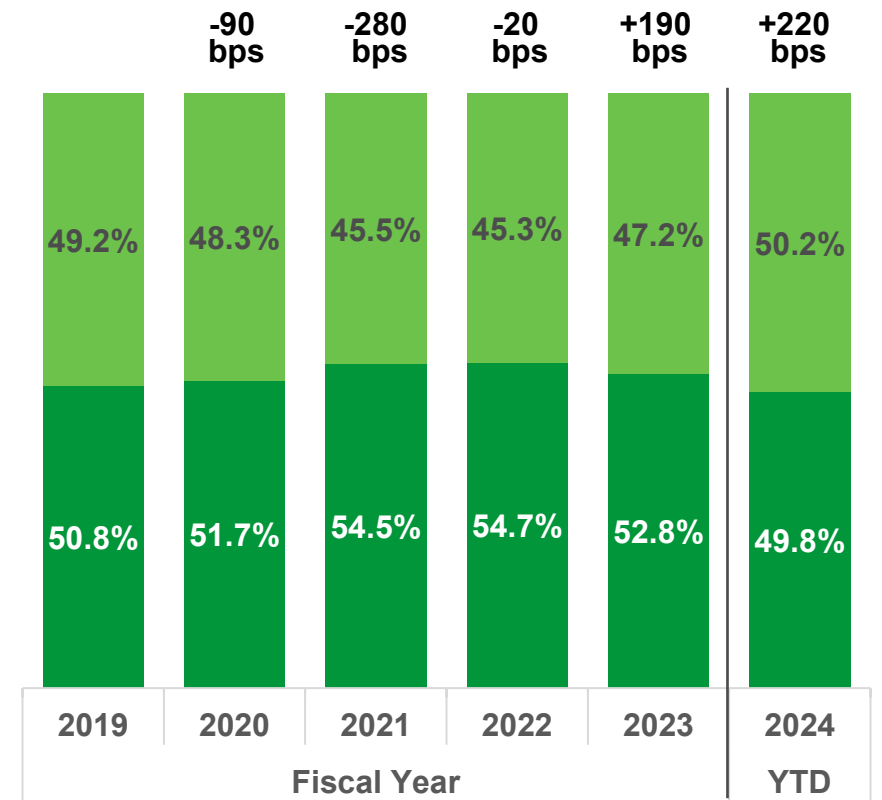
Consumables vs. Discretionary Mix Shift Over Time

Quarterly Results

YOY Consumables Mix Shift



Annual Results



■ Consumables
 ■ Discretionary (Seasonal & Variety)

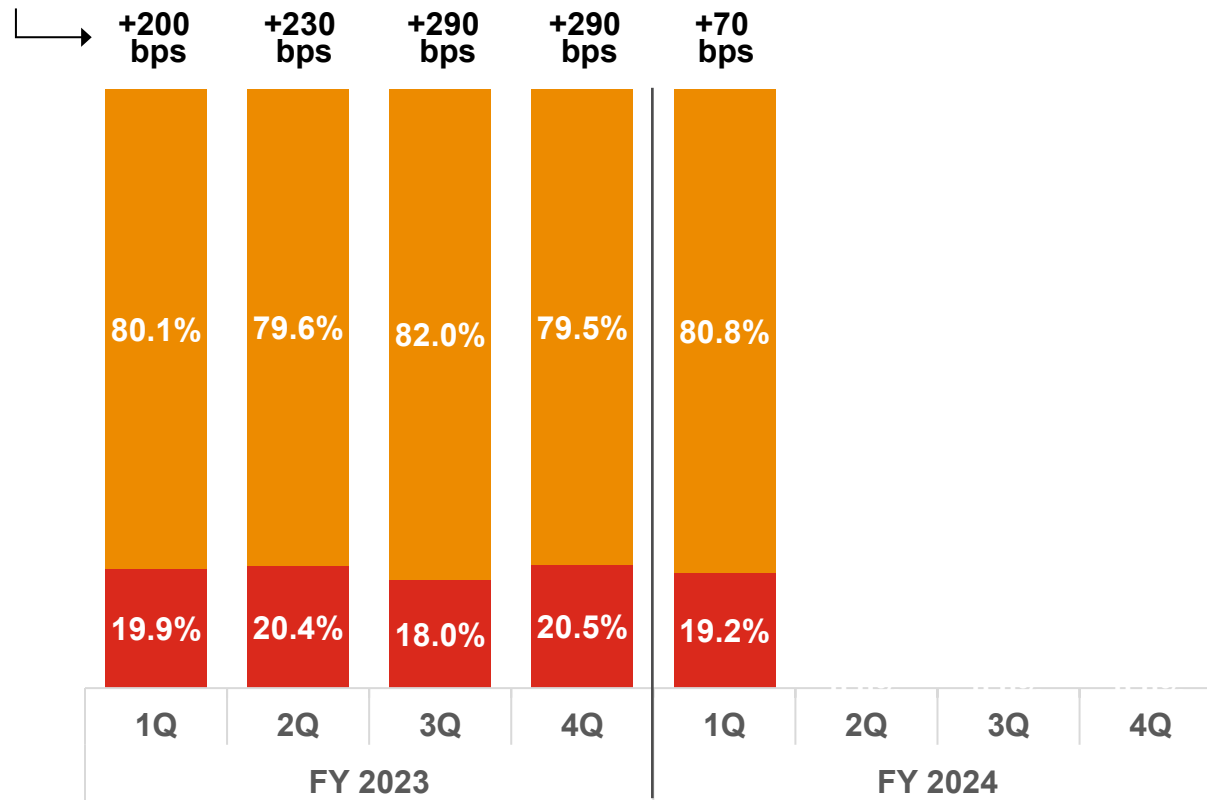


Family Dollar

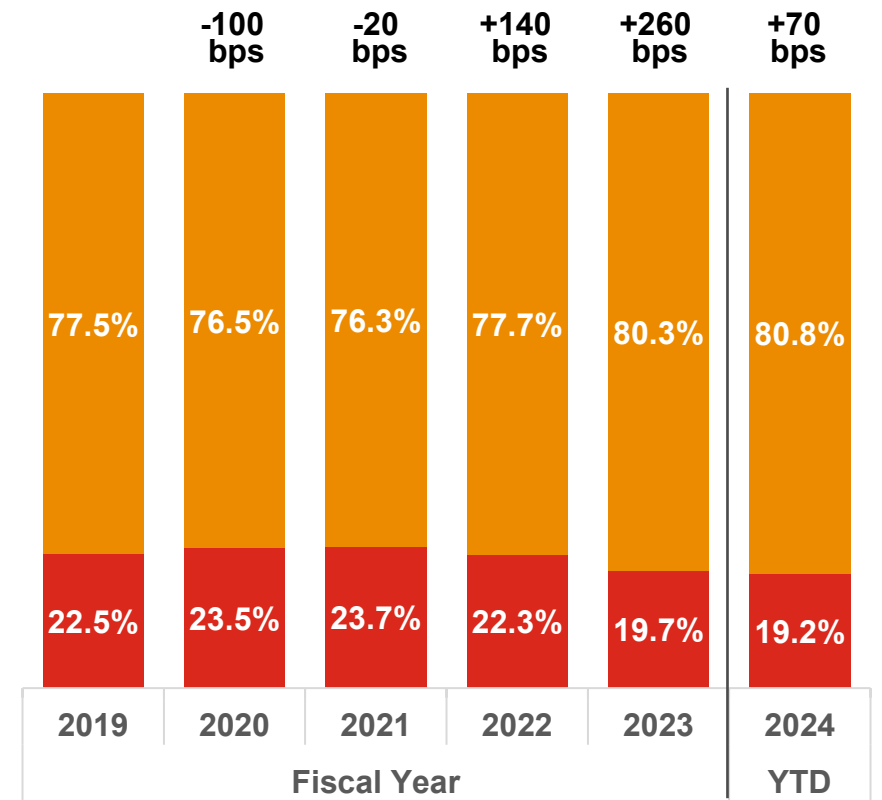
Consumables vs. Discretionary Mix Shift Over Time

Quarterly Results

YOY Consumables Mix Shift



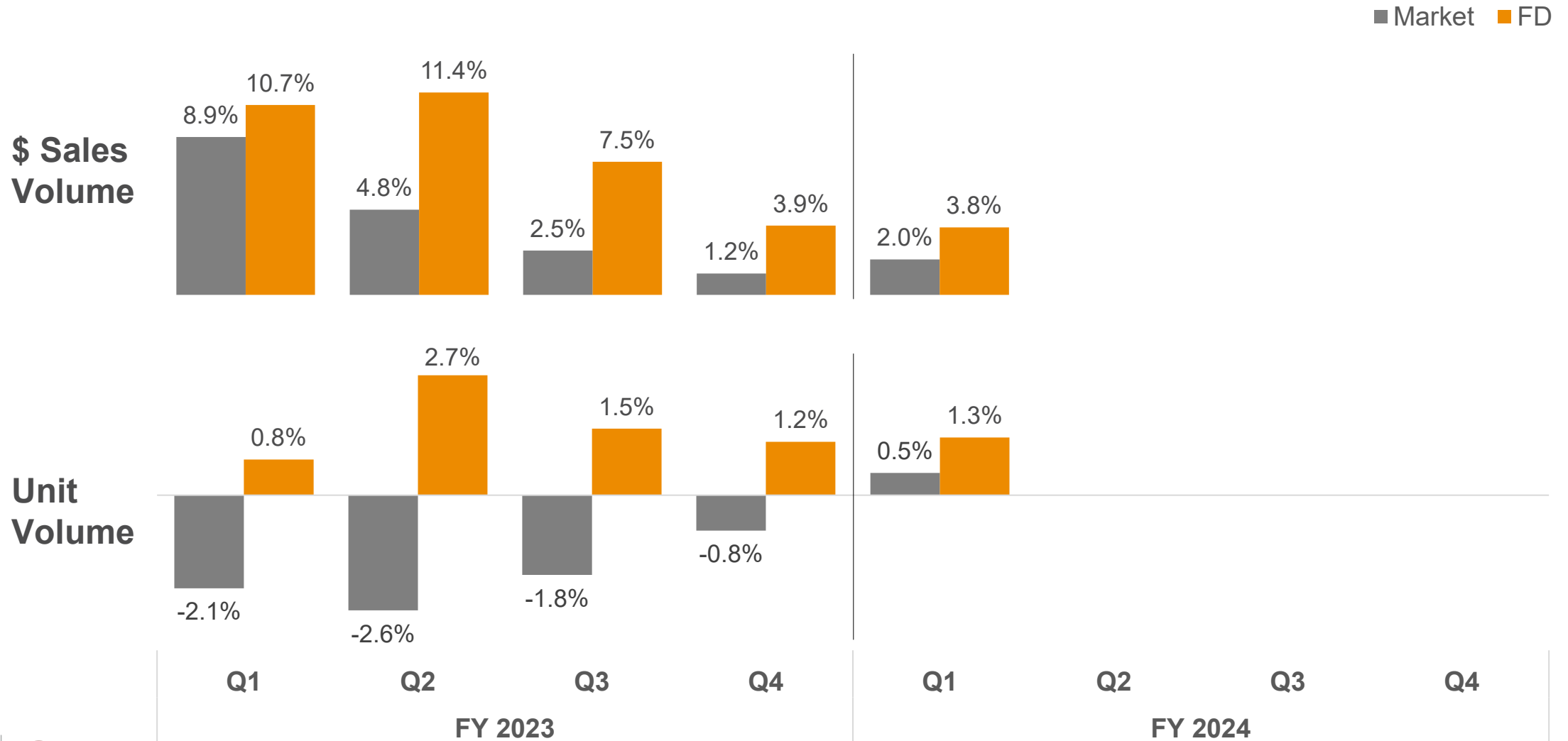
Annual Results



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

Family Dollar Taking Consumables Market Share

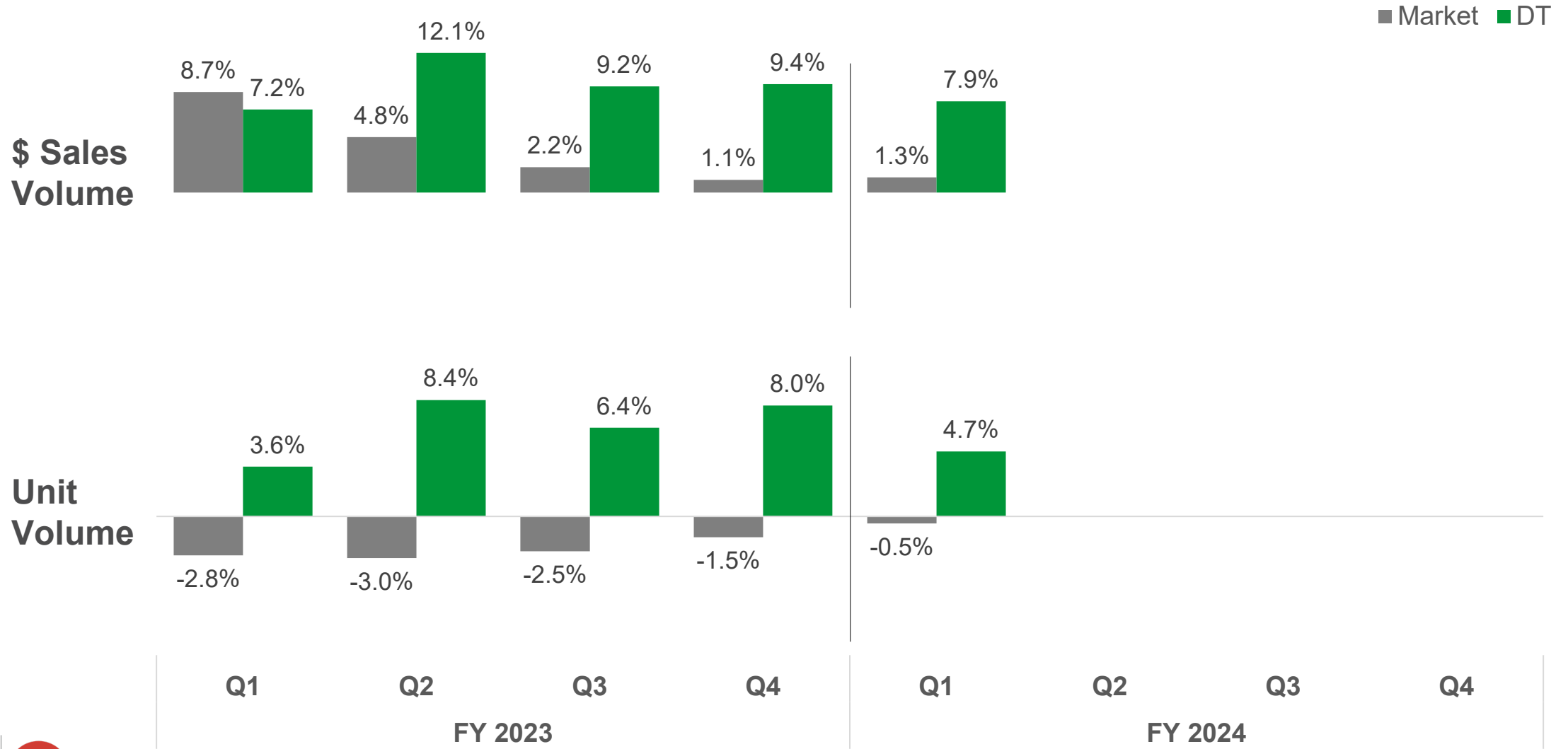
% Change vs. Last Year



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

Dollar Tree Taking Consumables Market Share

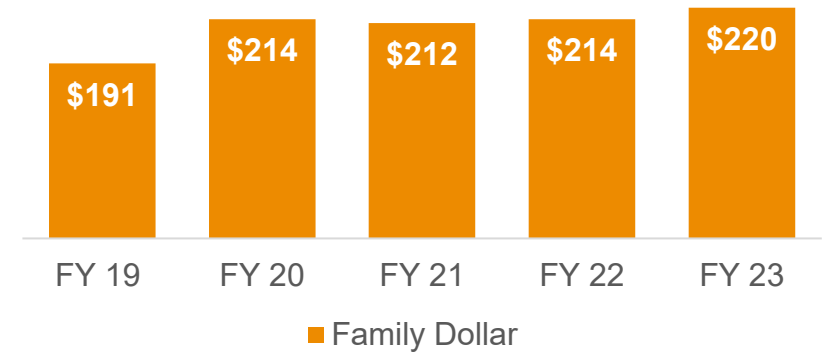
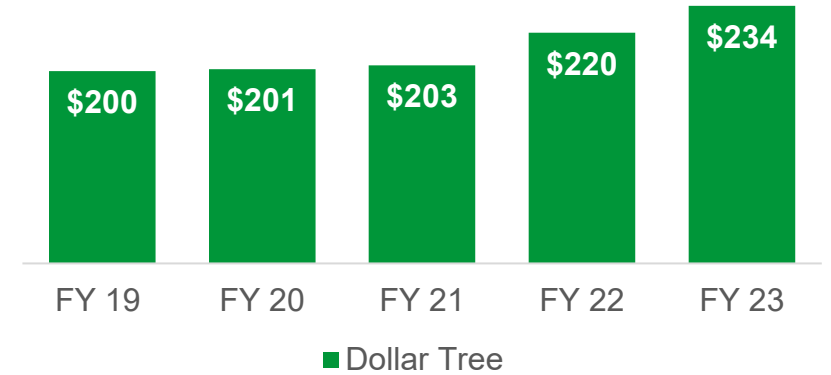
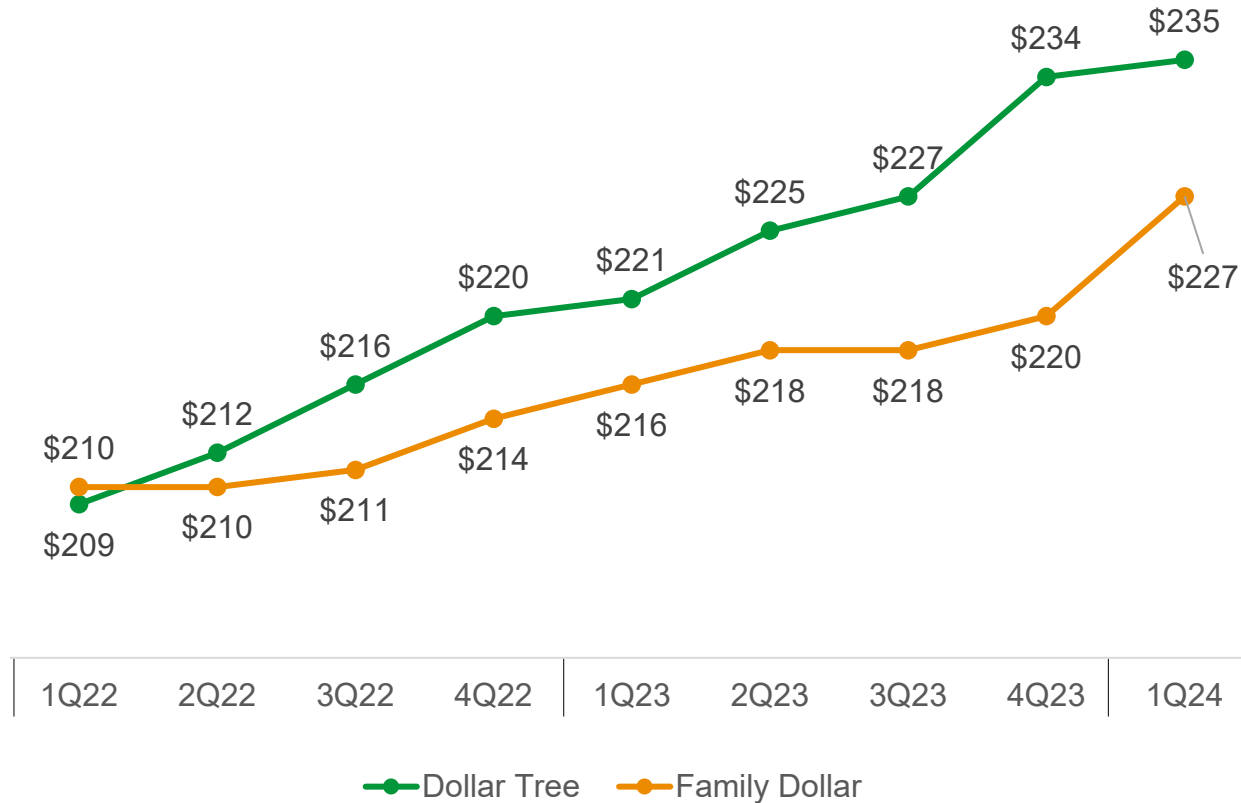
% Change vs. Last Year



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 used to calculate average selling square footage for the LTM period.



Operating Margin (GAAP)

Year-Over-Year Basis Point Change


 DOLLAR TREE	FY 2024	Q1 Trend Drivers
	Q1	
Prior Year - GAAP	13.6%	
Cost of sales	10	<ul style="list-style-type: none"> ↑ Lower freight costs ↓ Increased sales of higher cost consumable merchandise ↓ Increased shrink resulting from unfavorable physical inventory results
Selling, general and administrative	(120)	<ul style="list-style-type: none"> ↓ Temporary labor to support multi-price rollout ↓ Higher depreciation from store investments ↓ Loss of leverage due to low-single digit comp
Current Year - GAAP	12.5%	
Variance vs. Last Year	-110 bps	

Note: All figures rounded to nearest 5 bps



Operating Margin (GAAP)

Year-Over-Year Basis Point Change


	FY 2024	Q1 Trend Drivers
	Q1	
Prior Year - GAAP	0.3%	
Cost of sales	40	<ul style="list-style-type: none"> ↑ Lower freight costs ↓ Product cost increases ↓ Increased sales of higher cost consumable merchandise
Selling, general and administrative	40	<ul style="list-style-type: none"> ↑ Decreased legal costs (West Memphis legal matters accrual in Q1 2023) ↓ Severance and retention costs related to Family Dollar store closures ↓ Higher depreciation from store investments ↓ Loss of leverage due to low-single digit comp
Current Year - GAAP	1.1%	
Variance vs. Last Year	80 bps	

Note: All figures rounded to nearest 5 bps



Operating Margin (Non-GAAP)

Year-Over-Year Basis Point Change

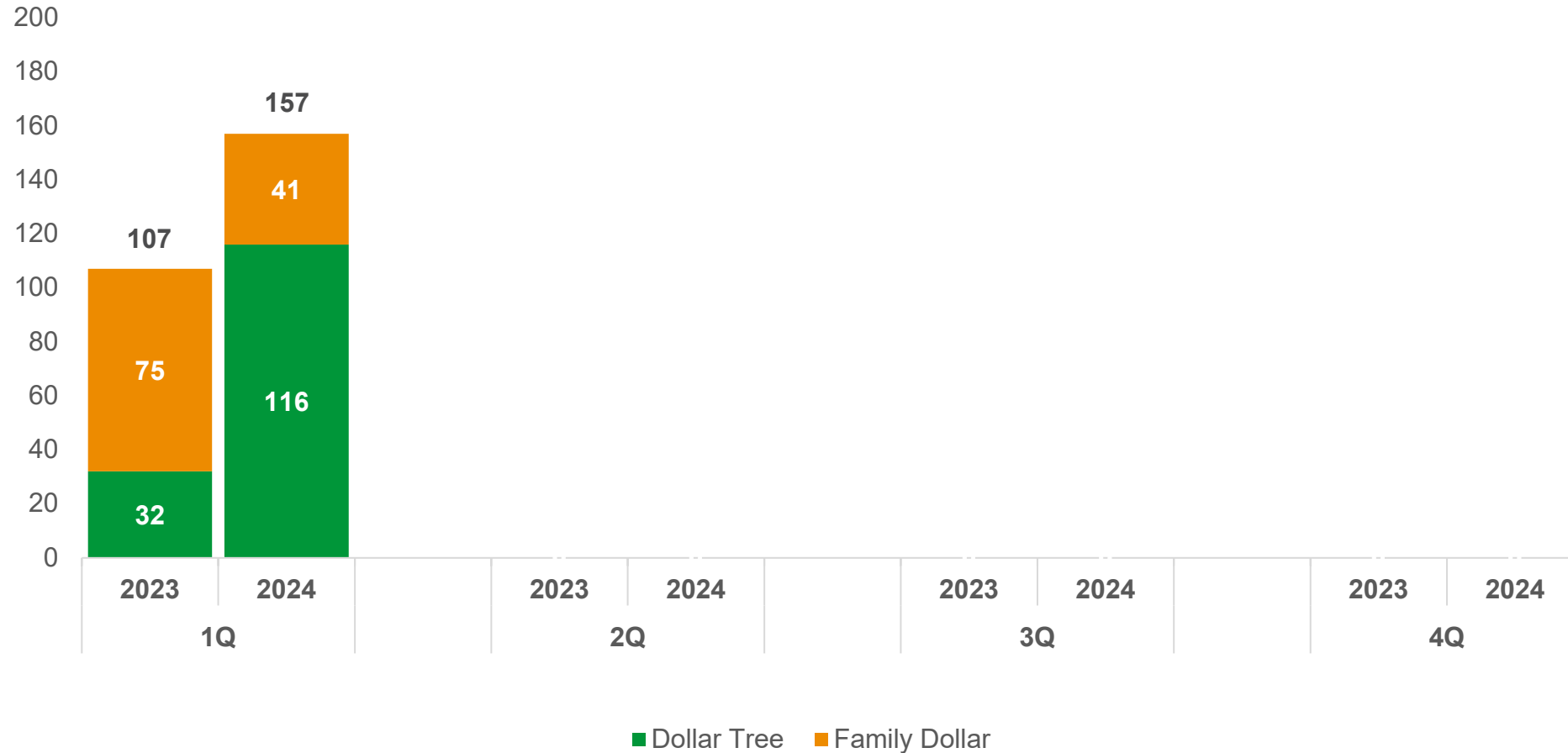
	FY 2024	Q1 Trend Drivers
	Q1	
Prior Year - Non-GAAP	1.2%	
Cost of sales	40	<ul style="list-style-type: none"> ↑ Lower freight costs ↓ Product cost increases ↓ Increased sales of higher cost consumable merchandise
Selling, general and administrative	(10)	<ul style="list-style-type: none"> ↑ Decreased legal costs ↓ Higher depreciation from store investments ↓ Loss of leverage due to low-single-digit comps
Current Year - Non-GAAP	1.5%	
Variance vs. Last Year	30 bps	

Note: All figures rounded to nearest 5 bps



Fiscal 2024 New Store Openings

Pivot to Dollar Tree



Year-to-Date	
2023	2024
75	41
32	116
107	157



Updated Outlook

Second Quarter and Full-Year Fiscal 2024

	Second Quarter	Fiscal Year
Sales - Enterprise	\$7.3B - \$7.6B	\$31.0B - \$32.0B
<i>Comparable Sales - Dollar Tree</i>	2.0 to 4.0 percent	MSD
<i>Comparable Sales - Family Dollar</i>	"approximately flat"	LSD
Comparable Sales - Enterprise	LSD	LSD-MSD
New Store Openings	-	600-650
Depreciation	-	~\$1.0B
Net Interest Expense	~\$28M	~\$105M
Effective Tax Rate	~24%	~24%
Adjusted Diluted Earnings per Share	\$1.00 - \$1.10	\$6.50 - \$7.00
Weighted Average Number of Shares ¹	~216M	~216M
Capital Expenditures	-	\$2.1B - \$2.3B
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% to 36.5% in the Dollar Tree segment
 - Expect full-year gross margin of approximately 24.5% to 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 25% as a percentage of total revenue
 - Transformation expenses remain elevated
 - Expect SG&A expense for corporate, support, and other to be approximately 1.8% to 1.9% of total revenue
 - Dollar Tree segment SG&A outlook reflects incremental costs to reconfigure ~3,000 store to expanded multi-price format
- ✓ FY 2024 outlook reflects approximately \$0.20 to \$0.30 of incremental transportation and other costs related to the loss of our Marietta distribution center, approximately \$0.10 of which is expected in the second quarter.
- ✓ FY 2024 outlook assumes \$0.30 to \$0.35 EPS headwinds vs. FY 2023 results from shrink and mix in 1H 2023 as we annualize our elevated FY 2023 exit rate for both measures.
- ✓ 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 severance or other incremental costs related to the portfolio optimization



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; adjusted operating income margin; adjusted net income; adjusted diluted earnings per share; and adjusted effective tax rate. 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 500 Family Dollar stores in the first quarter of fiscal 2024 and incurred approximately \$17 million of costs including severance and retention expenses for impacted associates and other related closure costs.



Appendix: Non-GAAP Financial Measures

Reconciliation of Adjusted Selling, General and Administrative Expenses - Family Dollar Segment

	13 Weeks Ended			
	May 4, 2024		April 29, 2023	
Selling, general and administrative expenses (GAAP)	\$ 837.5	24.2%	\$ 834.9	24.6%
Deduct: Store Closure Costs	(16.8)	(0.5%)	-	0.0%
Add/Deduct: Legal Reserve	2.5	0.1%	(30.0)	(0.9%)
Total adjustments	(14.3)	(0.4%)	(30.0)	(0.9%)
Adjusted selling, general and administrative expenses (Non-GAAP)	<u>\$ 823.2</u>	<u>23.8%</u>	<u>\$ 804.9</u>	<u>23.7%</u>

Reconciliation of Adjusted Operating Income - Family Dollar Segment

	13 Weeks Ended			
	May 4, 2024		April 29, 2023	
Operating income (GAAP)	\$ 36.9	1.1%	\$ 8.8	0.3%
SG&A adjustments:				
Add: Store Closure Costs	16.8	0.5%	-	0.0%
Add/Deduct: Legal Reserve	(2.5)	(0.1%)	30.0	0.9%
Total adjustments	14.3	0.4%	30.0	0.9%
Adjusted operating income (Non-GAAP)	<u>\$ 51.2</u>	<u>1.5%</u>	<u>\$ 38.8</u>	<u>1.2%</u>

