



DOLLAR TREE®

Supplemental Financial Presentation

2nd Quarter 2023

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, and capital expenditures for the third quarter and fiscal year 2023; as well as our expected gross margin and various other underlying factors that impact our outlook; our diluted earnings per share and new store growth for the first and second halves of fiscal year 2023; and our shipping rate categories and ports of entry for imported goods for fiscal 2023.

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 March 10, 2023, our 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 August 24, 2023, 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 August 24, 2023, and you should not expect us to do so.



Comparable Store Sales Composition

Traffic, Average Ticket, Consumables, and Discretionary

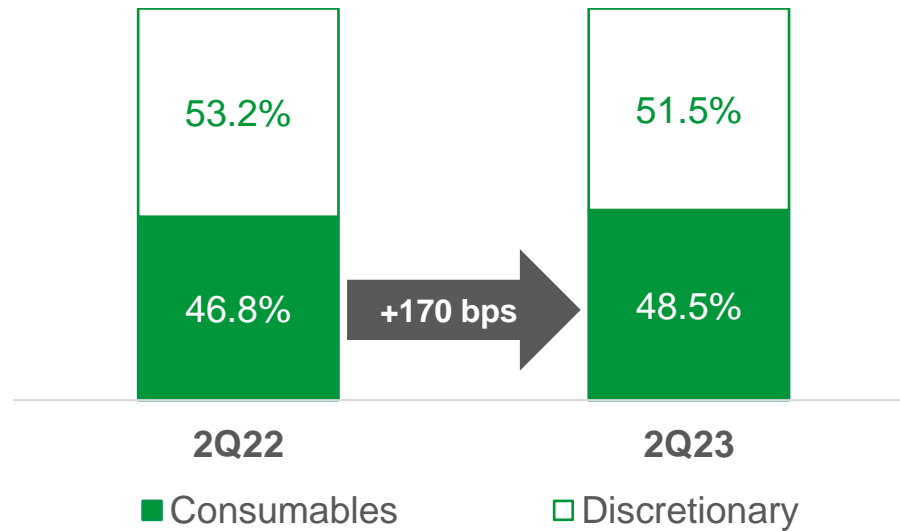
 DOLLAR TREE	FISCAL 2022				FISCAL 2023	
	Q1	Q2	Q3	Q4	Q1	Q2
TOTAL	11.2%	7.5%	8.5%	8.7%	3.4%	7.8%
Customer Traffic	(3.6%)	(5.8%)	(5.2%)	(1.1%)	5.5%	9.6%
Average Ticket	15.4%	14.2%	14.6%	10.0%	(2.1%)	(1.6%)
Consumables	8.0%	7.9%	9.3%	9.0%	6.9%	13.2%
Discretionary	14.1%	6.7%	8.1%	8.5%	1.2%	3.9%

 FAMILY DOLLAR	FISCAL 2022				FISCAL 2023	
	Q1	Q2	Q3	Q4	Q1	Q2
TOTAL	(2.8%)	2.0%	4.1%	5.8%	6.6%	5.8%
Customer Traffic	(3.7%)	(1.2%)	0.1%	0.5%	4.3%	3.4%
Average Ticket	1.0%	3.3%	4.1%	5.3%	2.2%	2.3%
Consumables	1.2%	4.0%	4.7%	7.6%	9.8%	9.5%
Discretionary	(14.7%)	(4.1%)	1.5%	0.5%	(4.4%)	(5.7%)

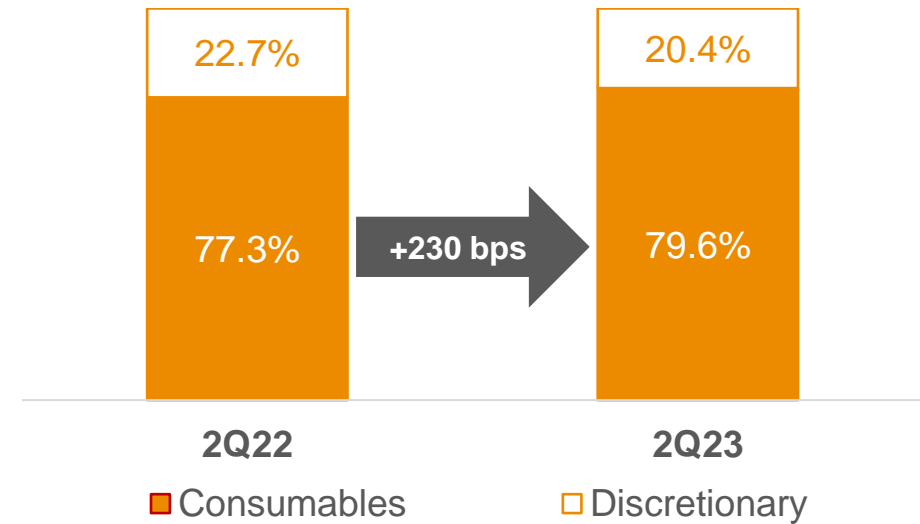


Category Mix

Category as a Percentage of Net Sales



Discretionary Categories
Seasonal & Variety

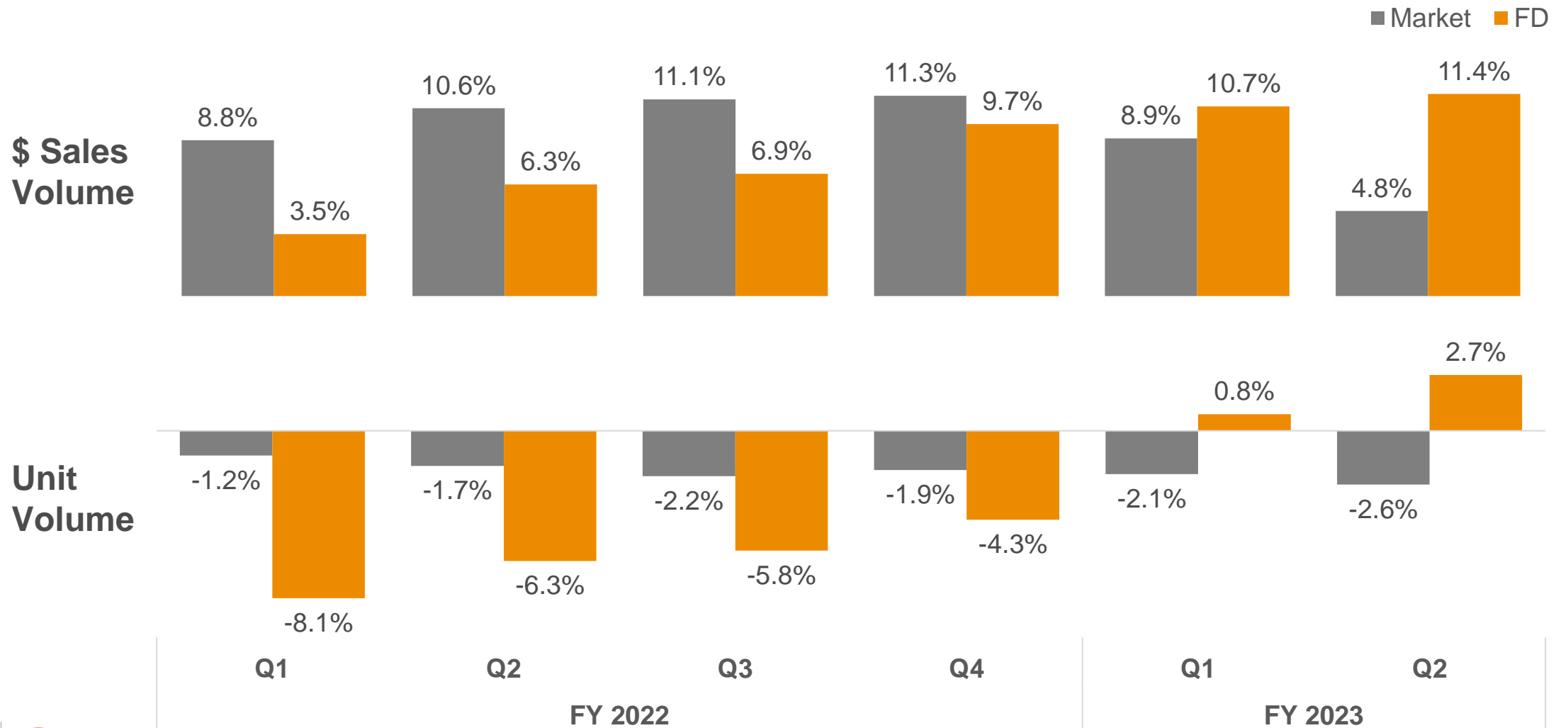


Discretionary Categories
Home, Apparel, Accessories, Seasonal, Electronics



Family Dollar Taking Market Share

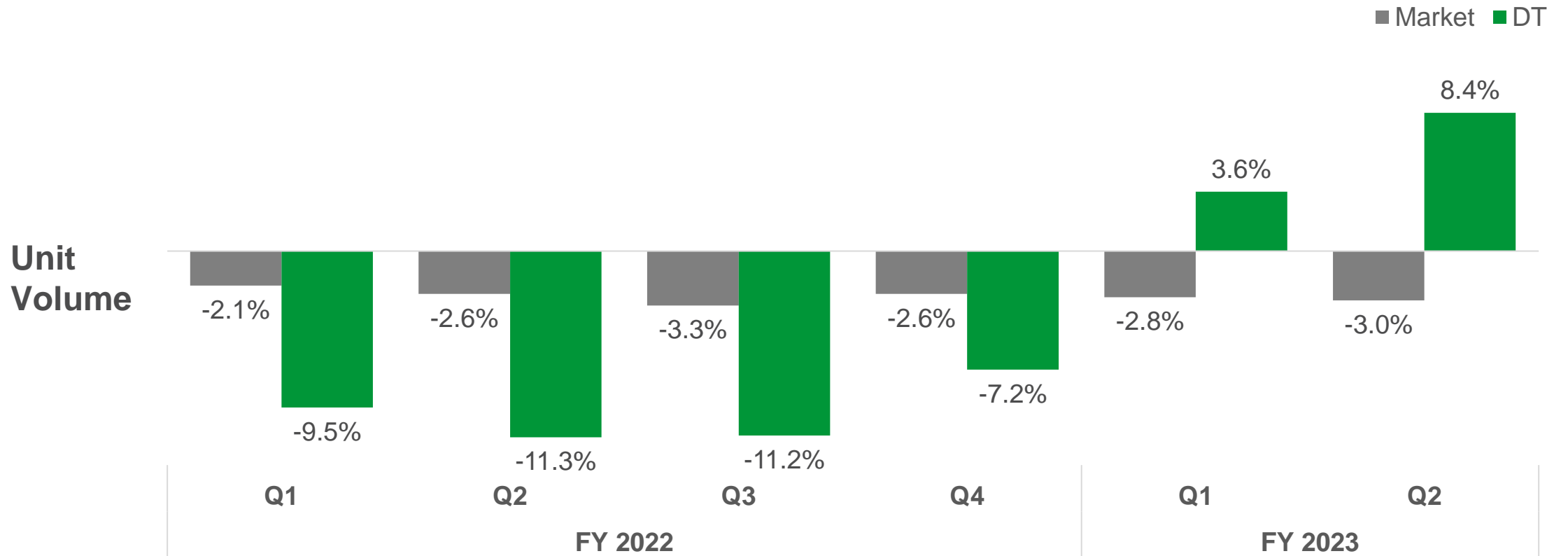
% Change vs. Last Year - Consumables



Source: Nielsen Market Data

Dollar Tree Taking Market Share


% Change vs. Last Year - Consumables



Source: Nielsen Market Data

Operating Margin

Year-Over-Year Basis Point Change

 DOLLAR TREE		FY 2023		Q2 Trend Drivers
		Q1	Q2	
Prior Year		20.2%	15.4%	
COGS	Merchandise Cost ¹	(420)	(275)	↑ Lower freight costs ↓ Lapping \$1.25 last year, product cost inflation, product mix
COGS	Occupancy	5	35	↑ Sales leverage
COGS	Distribution	(80)	(75)	↓ Higher capitalized costs in prior year, wage investments in DC payroll
COGS	Shrink	(55)	(75)	↓ Unfavorable inventory results
COGS	Markdowns	20	(5)	↔
SG&A	Payroll	(75)	(60)	↑ Sales leverage ↓ Wage investments in store payroll, higher incentive compensation
SG&A	Facilities	(50)	(40)	↑ Sales leverage ↓ Repair & maintenance investments, elevated utilities cost
	Other ²	(5)	(15)	↑ Sales leverage ↓ Unfavorable general liability claims, D&A from capex projects
Current Year		13.6%	10.3%	
Variance vs. Prior Year		-660 bps	-510 bps	

Note: All figures rounded to nearest 5 bps | ¹Includes Freight (Import, Inbound, and Outbound) | ²Includes other items not included in above line items



Operating Margin

Year-Over-Year Basis Point Change

FAMILY DOLLAR.		FY 2023		Q2 Trend Drivers
		Q1	Q2	
Prior Year		2.9%	1.7%	
COGS	Merchandise Cost ¹	(85)	5	↑ Lower freight costs ↓ Product cost inflation, product mix
COGS	Occupancy	40	15	↑ Sales leverage
COGS	Distribution	(20)	(5)	↔
COGS	Shrink	(60)	(45)	↓ Unfavorable Inventory Results
COGS	Markdowns	30	0	↔
SG&A	Payroll	(75)	(65)	↑ Sales leverage ↓ Wage investments in store payroll
SG&A	Facilities	(10)	(40)	↑ Sales leverage ↓ Repair & maintenance investments, elevated utilities during heat wave
	Other	(75)	(5)	↑ Sales leverage of D&A expenses ↓ Higher professional fees and advertising costs
Current Year		0.3%	0.3%	
Variance vs. Last Year		-255 bps	-140 bps	

Note: All figures rounded to nearest 5 bps | ¹Includes Freight (Import, Inbound, and Outbound) | ²Includes other items not included in above line items



Updated Outlook

Third Quarter and Full-Year Fiscal 2023

	Third Quarter	Fiscal Year
Sales - Enterprise	\$7.3B - \$7.5B	\$30.6B - \$30.9B
<i>Comparable Sales - Dollar Tree</i>	<i>MSD</i>	<i>MSD</i>
<i>Comparable Sales - Family Dollar</i>	<i>MSD</i>	<i>MSD</i>
Comparable Sales - Enterprise	MSD	MSD
Selling Square Footage Growth	-	3.0% - 3.5%
Depreciation	-	\$845M - \$850M
Net Interest Expense	~\$25M	~\$110M
Effective Tax Rate	~23%	~24%
Diluted Earnings per Share	\$0.94 - \$1.04	\$5.78 - \$6.08 ⁽¹⁾
Capital Expenditures	-	~\$2.0B

(1) Includes \$30 million (or \$0.12 per share) of cost from Q1 2023 for accrual of previously disclosed legal proceedings related to our West Memphis, Arkansas distribution center

LSD = Low Single-Digit (0% to 3%) | MSD = Mid Single-Digit (4% to 6%) | HSD = High Single-Digit (7% to 10%)



Updated Outlook

Full-Year Fiscal 2023

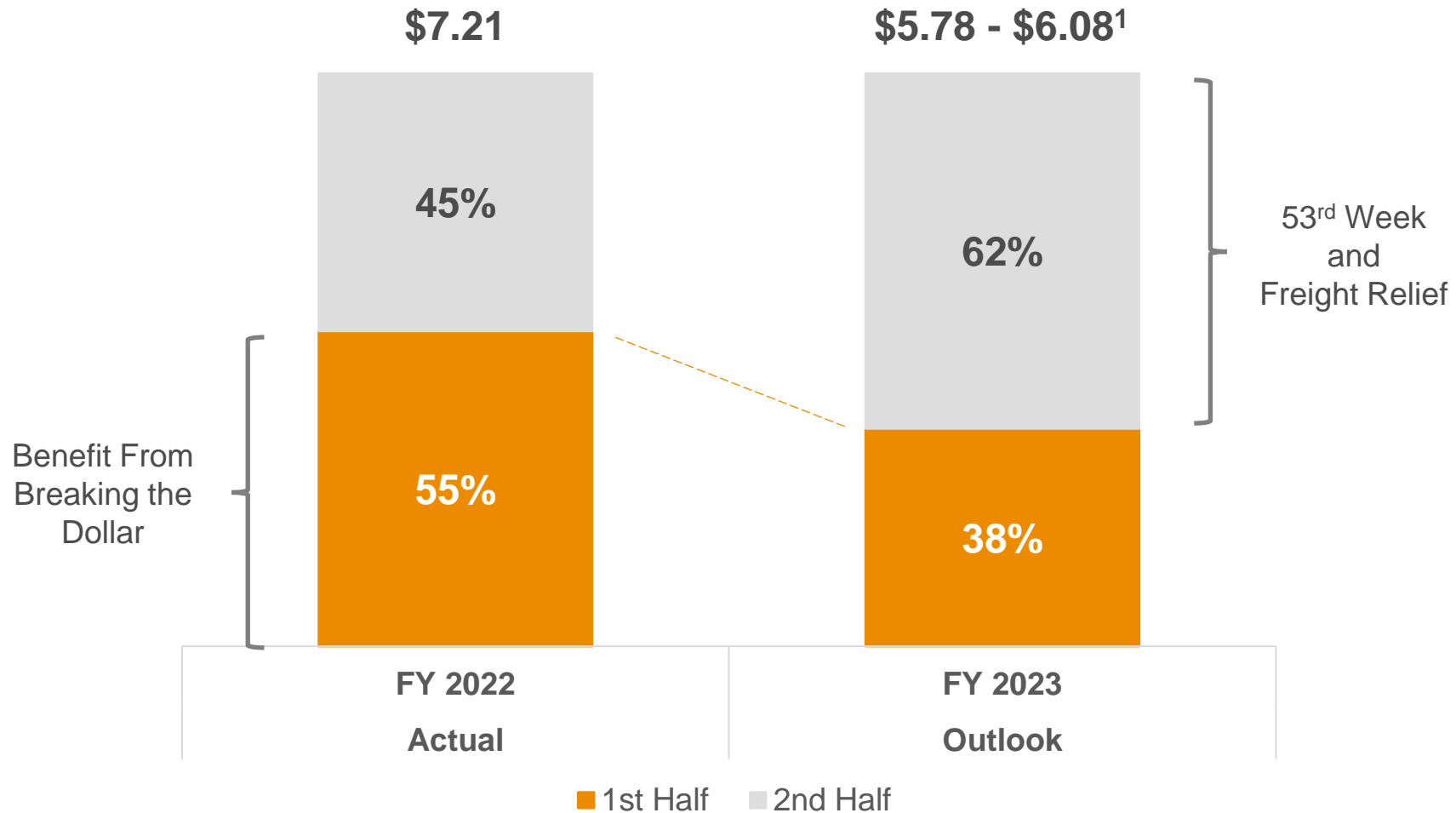
Underlying Factors Impacting FY 2023 Outlook

- ✓ Fiscal Year 2023 ends February 3, 2024, and includes a 53rd week
 - 53rd week expected to benefit Q4 by approximately \$515 million in sales and \$0.30 of diluted EPS
- ✓ Dollar Tree segment is cycling 600 bps of outsized gross margin benefit in 1st half of FY 2022
 - Expect gross margin to decline in 1st half of FY 2023 and recover in 2nd half
 - Expect FY 2023 gross margin to be in the range of 35% to 36%
- ✓ Expect \$1.25-\$1.35 per share benefit from reduced freight expenses, primarily in 2nd half of FY 2023
 - Additional \$1.00 of freight savings per share expected in FY 2024 and thereafter, assuming current market conditions persist
- ✓ SG&A expenses expected to grow in the mid teens
 - Operating expenses include approximately \$430 million, or \$1.45 per share in accelerated investments to support company transformation
 - Guidance assumes minimal returns these investments in FY 2023, will attractive returns expected to materialize in FY 2024 and thereafter
- ✓ FY 2023 diluted EPS is expected to be weighted approximately 38% in the 1st half of the year and 62% in the 2nd half
- ✓ FY 2023 guidance includes \$30 million (or \$0.12 per share) of costs incurred in Q1 for an accrual of previously disclosed legal proceedings related to our West Memphis, Arkansas distribution center.



Fiscal 2023 EPS Outlook

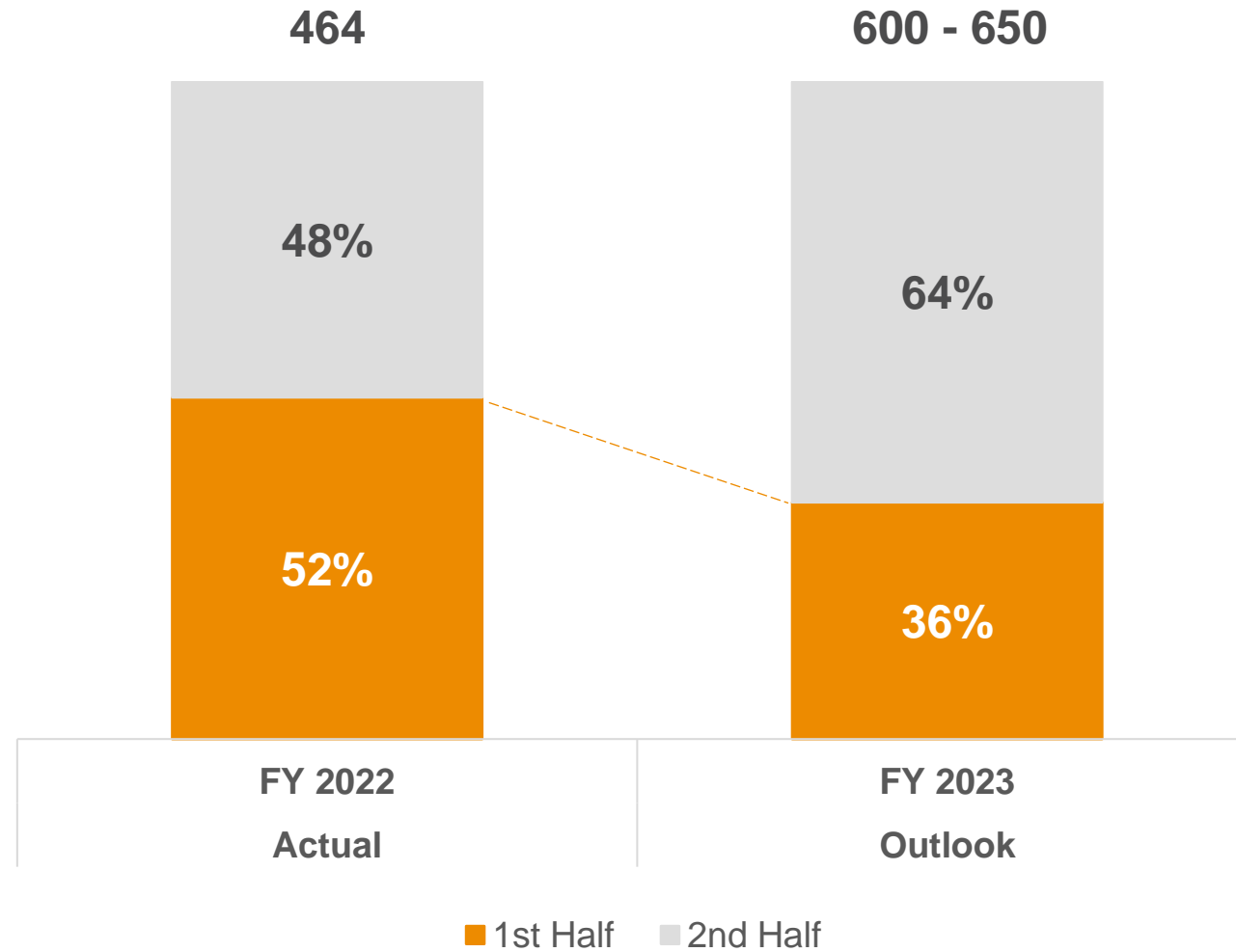
A Tale of Two Halves



¹ Includes \$30 million (or \$0.12 per share) of costs for Q1 2023 accrual related to previously disclosed legal proceedings with our West Memphis, Arkansas distribution center.

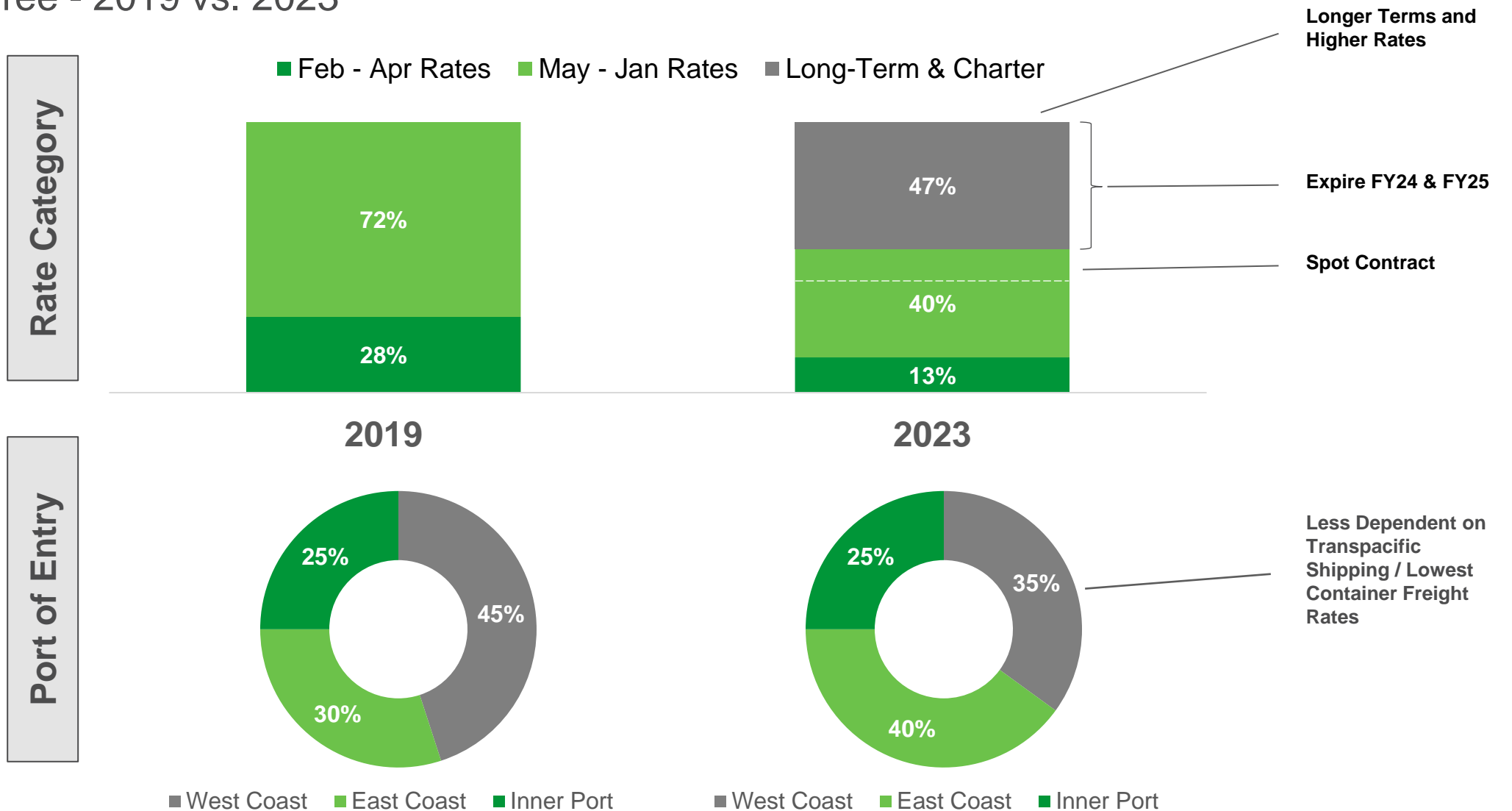
Fiscal 2023 New Store Growth

Back-End Weighted



Import Freight Comparisons

Dollar Tree - 2019 vs. 2023



Store Count by Format



Traditional: Dollar Tree stores primarily at a fixed-price point of \$1.25 per item

DT Plus: Dollar Tree stores that include \$3 and \$5 Plus merchandise in their assortment

