



Larry Gatta

CHIEF MERCHANDISING OFFICER, FAMILY DOLLAR

Dollar Tree, Inc.



**Improving Sales
Productivity &
Enhancing
Margins**

Larry Gatta



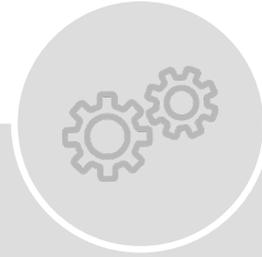
**Extending the
Multi-Price
Journey**

Rick McNeely



**Operate with
Excellence &
Accelerate
Growth**

Mike Creedon



**Developing
Technology
and Supply
Chain**

Mike Kindy
Bobby Aflatooni



**Adding It
All Up:
\$10+ EPS FY26**

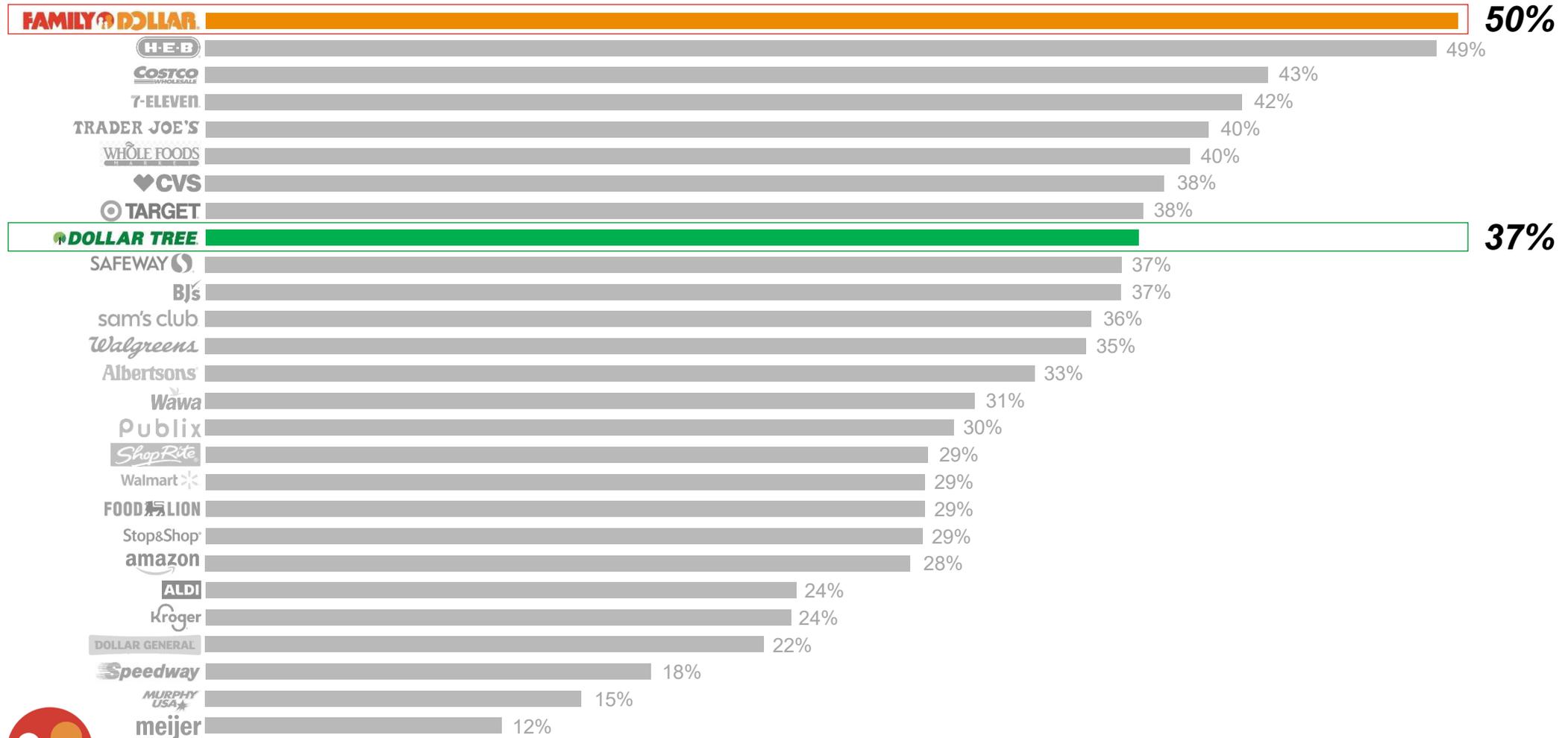
Jeff Davis

Right Team | Right Time



The Most Diverse Customer Base in Retail

% OF SALES FROM NON-WHITE SHOPPERS



Source: Numerator



The Most Diverse Customer Base in Retail

FAMILY DOLLAR SHOPPER SEGMENTS



Patrice



Peggy



Faye



Joe



Emma

Description

Urban/Suburban Multi-Cultural
Over-index on Smart Coupon

Rural White Females
Nearly 50% are Boomers

Millennial/Gen Z Females
33% Moved in last 2 years

Male Shoppers
Over-index on Grab and Go

New Shoppers
66% Caucasian

% of sales

23%

23%

7%

20%

14%

Avg income

\$51k

\$61k

\$62k

\$64k

\$71k

Avg annual trips

49

21

5

14

-

▶ **66 million** annual shoppers, with **50%+** of sales from non-white households

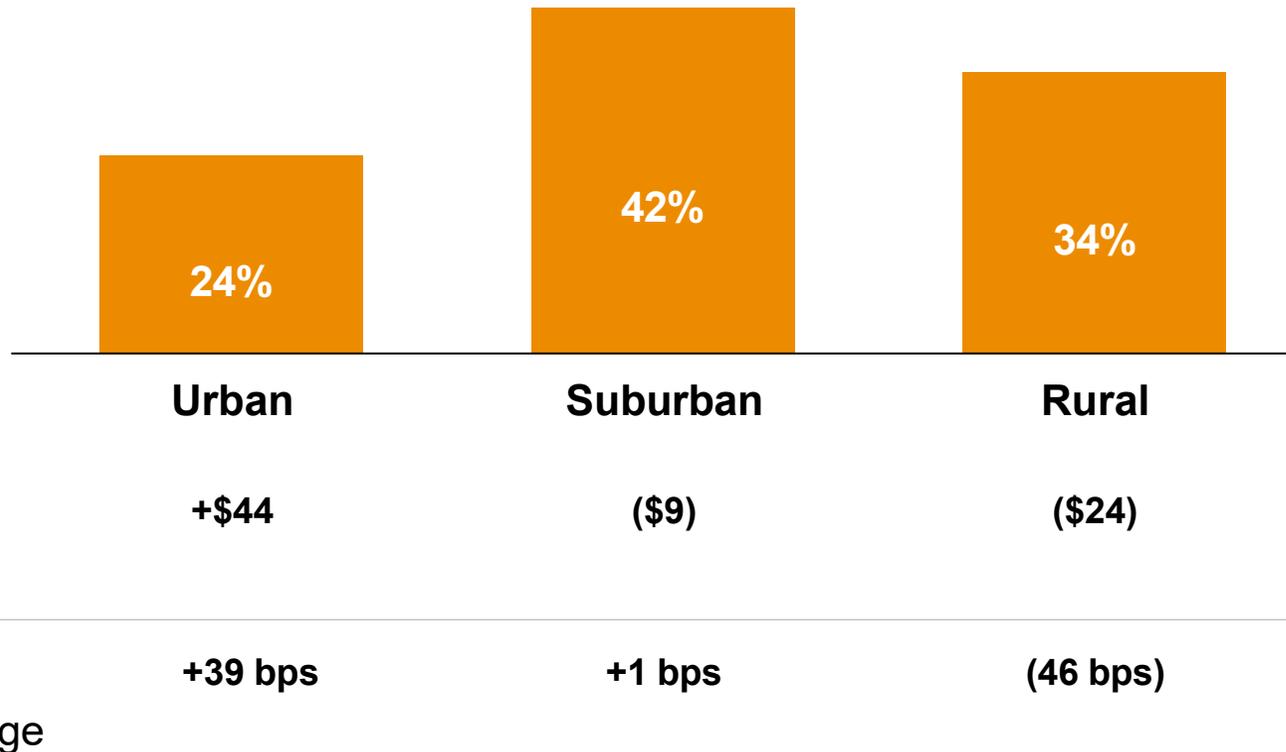
▶ **+2 million net new shoppers** in last 4 quarters



All data is for the trailing 12-month period ending April 29, 2023
Source: Numerator

Geographically Balanced Footprint

% OF STORES



Large geographic reach with 8,000+ stores across variety of population densities



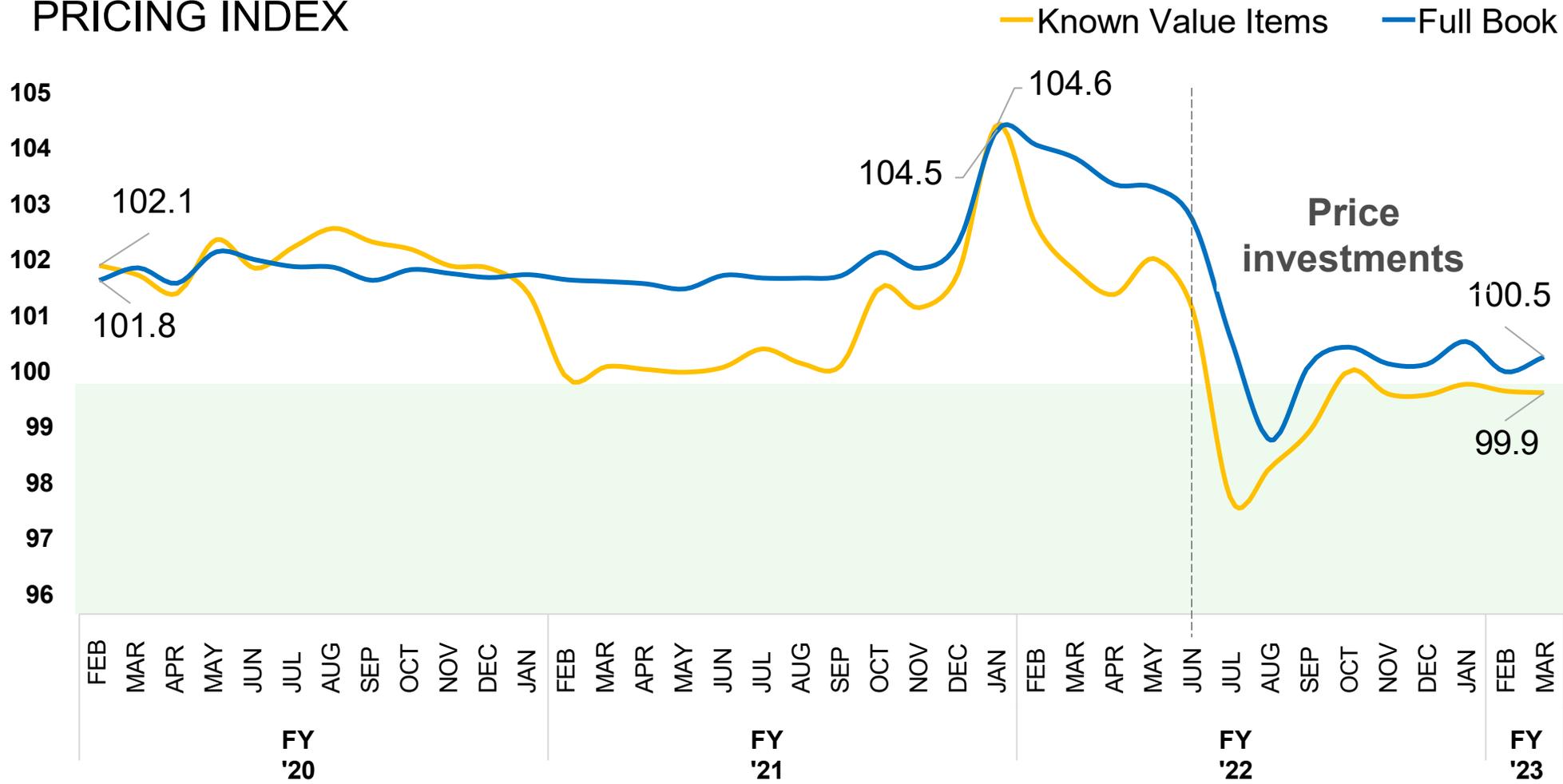
Most diverse retailer with opportunity for continued growth as half of low-income households do not have a Family Dollar in their ZIP code



Source: % based on 8,210 Store Count, Metrics based on 7,675 stores with Full Year results

Improved Price Position

PRICING INDEX



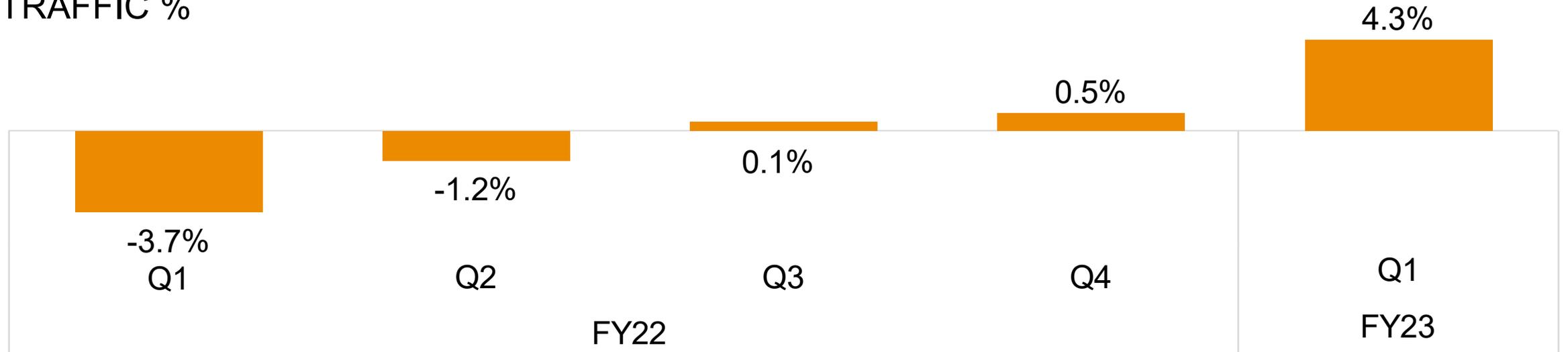
- Price is #1 Motivating Factor for customers to shop Family Dollar
- Delivering on pricing improvements for our customers relative to competition



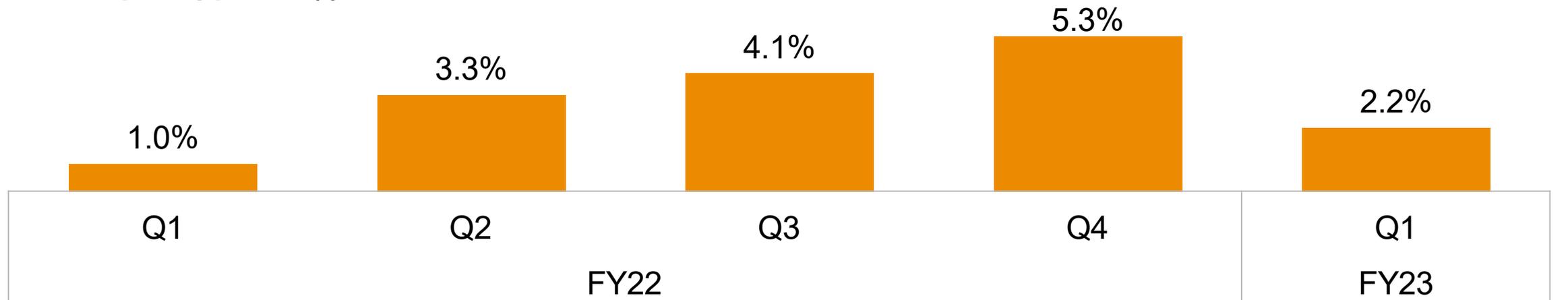
Source: Engage3 (weighted on sales)

Price Actions Led to Positive Traffic and Average Ticket Comp Trends

TRAFFIC %



AVERAGE TICKET %

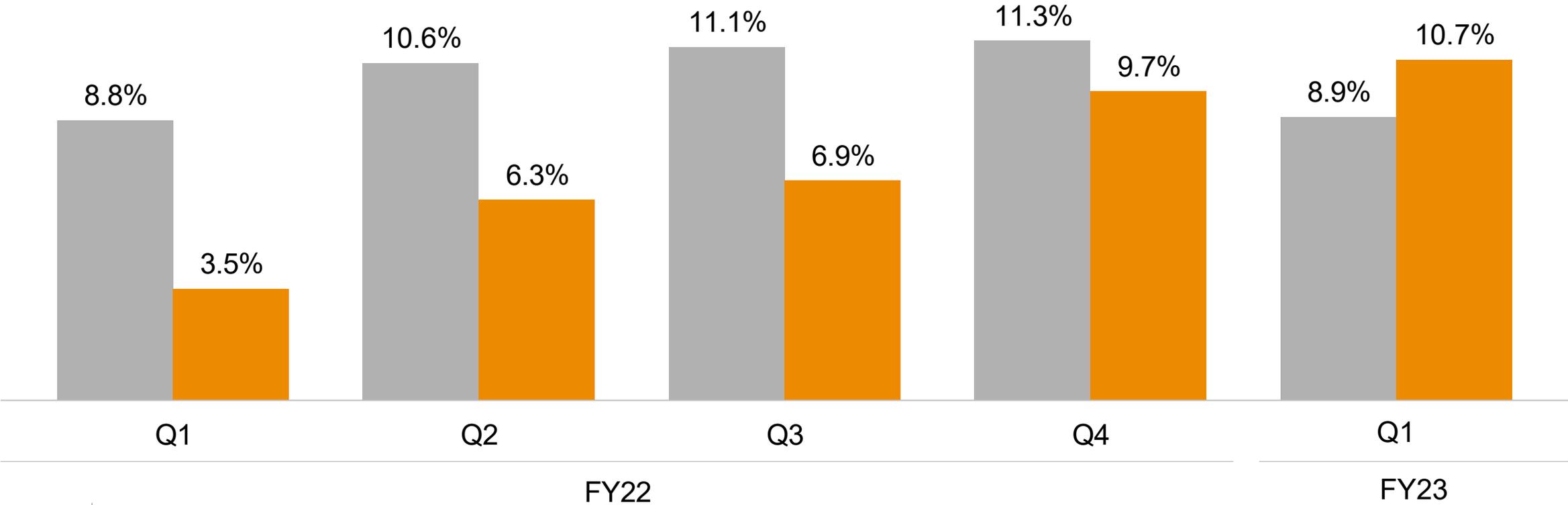


Taking Dollar Market Share

HIGHEST DOLLAR SHARE GROWTH IN 15 QUARTERS

Consumable Dollar % Change vs. Last Year

Market FD



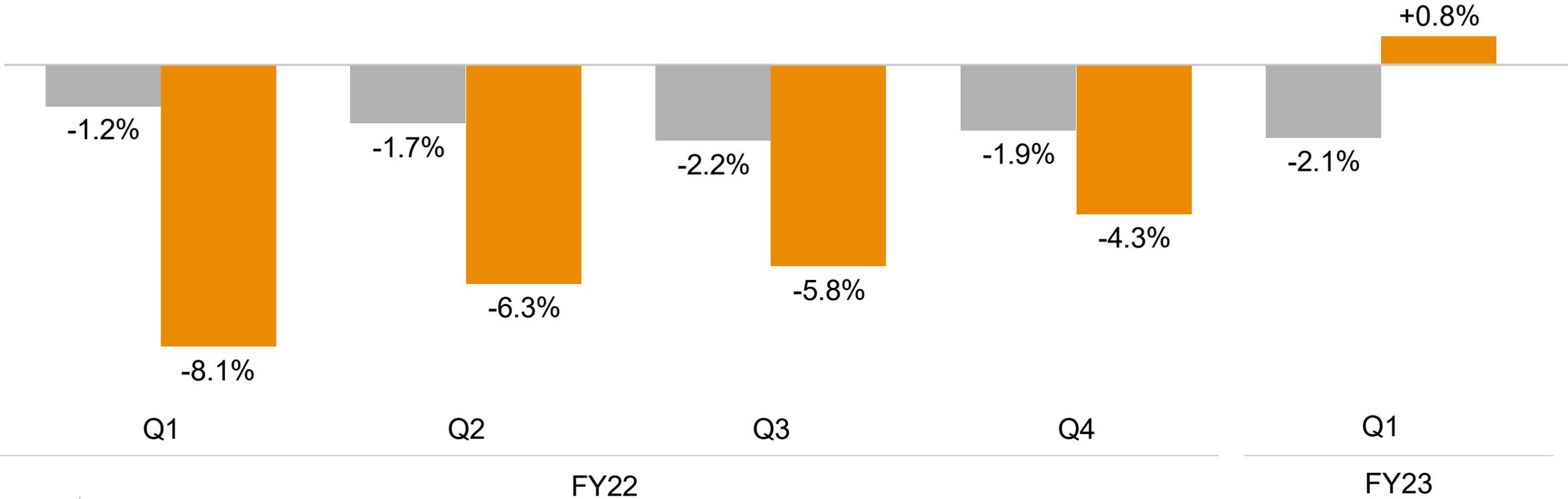
Source: Nielsen market data

Taking Unit Market Share

HIGHEST UNIT SHARE GROWTH IN 14 QUARTERS

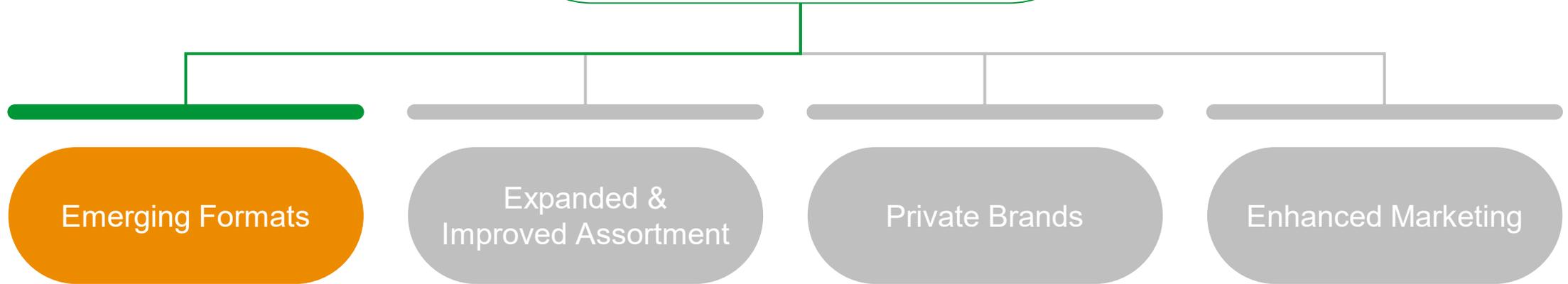
Consumable Unit % Change vs. Last Year

Market FD



Source: Nielsen market data

Improving Store Productivity & Enhancing Gross Margins



Designed to Drive Store Productivity and Enhance Margins



Emerging Formats to Support Diverse Customer Base

H2.5

Primary Format

6,700 to 8,700
selling square feet

Rural

XSB

Tailoring Space and Assortment to Local Demographics



New H2.5 Format

PRIMARY STORE FORMAT AND DRIVER OF GROWTH

8% More sales

11% More sales per foot

14% More cash contribution

- Improved adjacency flow
- Removed drive aisle and added additional gondola worth **60 additional stores** based on FY23 renovations
- Optimized space toward highly productive categories
- Adding up to **30 frozen / refrigerated doors**
- **~500** stores completed as of Q1 FY23
- **~700** more renovations to be completed in FY23



Note: Store performance versus 13-week period prior to the renovation



Emerging Formats to Support Diverse Customer Base

H2.5

Primary Format

6,700 to 8,700
selling square feet

Rural

Larger Format

> 8,700
selling square feet

XSB

Tailoring Space and Assortment to Local Demographics



Increasing Relevance in Rural Stores

20% More sales

20% More sales per foot

22% More cash contribution

- Optimizing category space allocation
 - More Family Dollar seasonal
 - Strategically integrating Dollar Tree assortment
- Optimized space toward highly productive categories
- Adding up to **30 frozen / refrigerated doors**
- **~188** stores completed as of Q1 FY23
- Over **200** more to be opened in FY23



Note: Store performance versus 13-week period prior to the renovation

Emerging Formats to Support Diverse Customer Base

H2.5

Primary Format

6,700 to 8,700
selling square feet

Rural

Larger Format

> 8,700
selling square feet

XSB

Extra Small Box

< 6,700
selling square feet

Tailoring Space and Assortment to Local Demographics





Extra Small Box Format

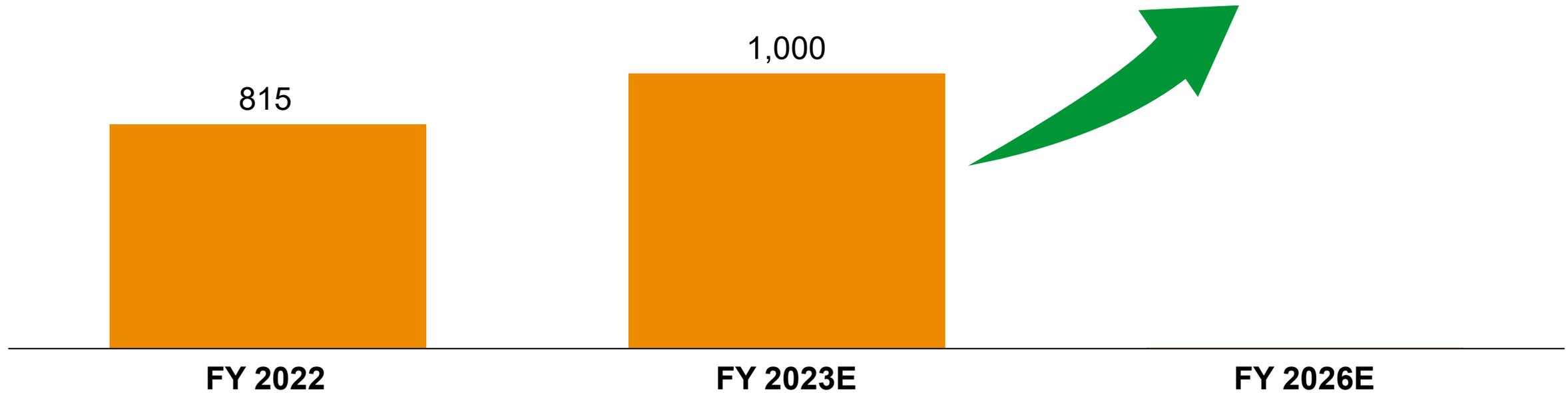
INITIAL RENOVATION GENERATING
30%+ SALES LIFT

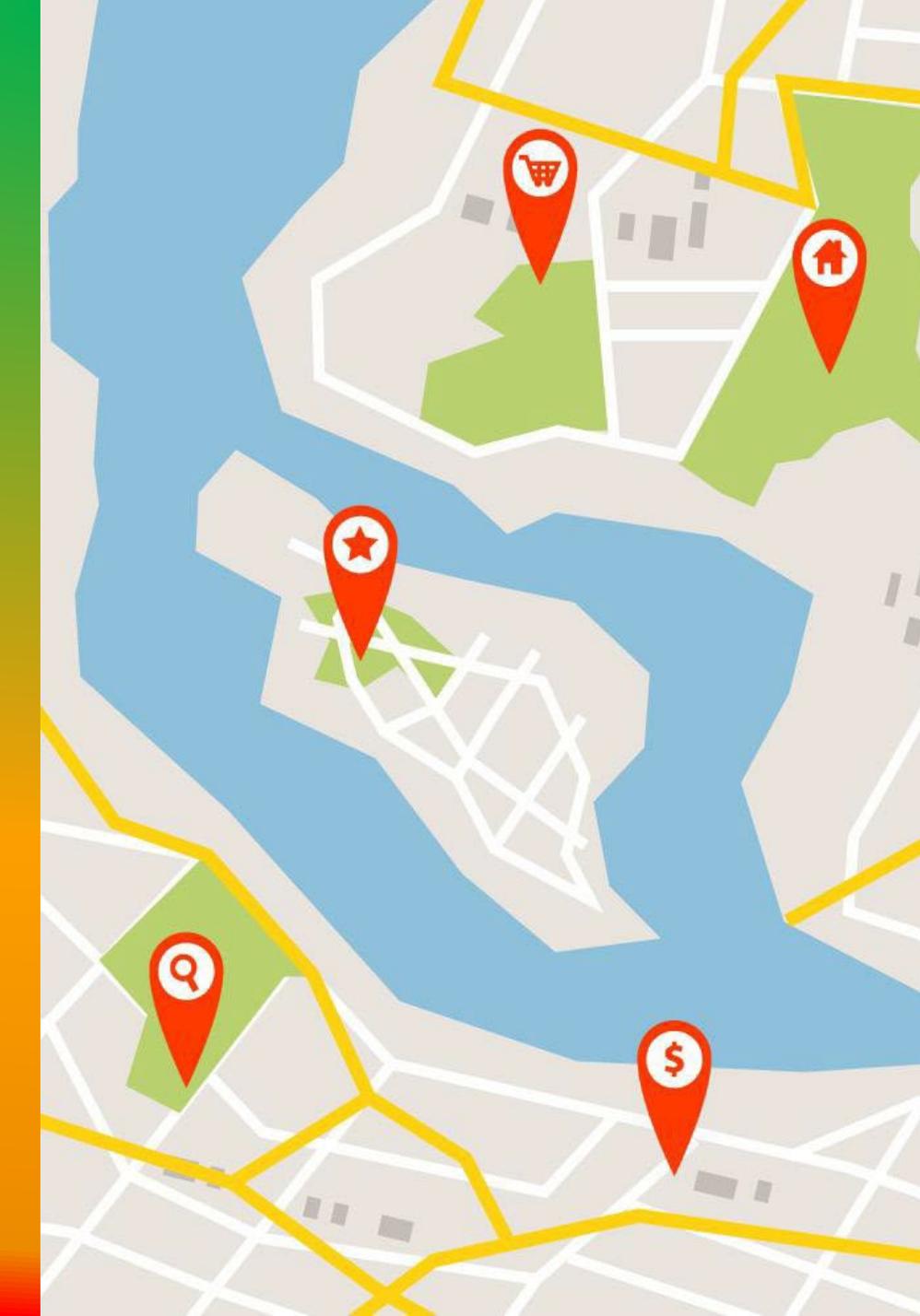
- XSB format adds elements of H2.5 to small stores
- 78” merchandising area with cap-shelves for holding power
- Adding up to 30 frozen/refrigerated doors
- Layouts created based on store-by-store sales and space productivity evaluation
- Can now renovate hundreds of under-sized stores that haven't been touched in years
- **Unlocks additional real estate opportunities particularly in urban markets**

Note: Store performance versus 13-week period prior to the renovation

Increasing Renovations into New Formats

ANNUAL RENOVATED STORE COUNT



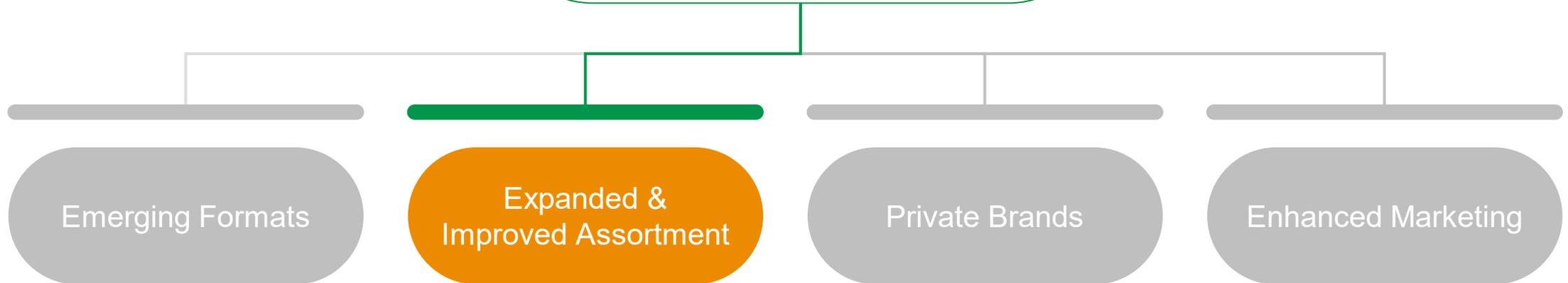


Market-Based Renovations

- Testing out **market-based renovations**
- Targeting 85% of stores in the market with our **latest format**
- **Cross-functional team** to ensure high level execution
- Leveraging **efficiencies**
- **Training** store employees and field teams
- **Competitive** wages
- Planning market-wide **grand re-opening event**



Improving Store Productivity & Enhancing Gross Margins



- H2.5
- Rural
- Extra Small Box

Designed to Drive Store Productivity and Enhance Margins



Optimizing Assortments to Meet Evolving Customer Needs

1,900 New SKUs

-1,000 Deleted SKUs

+900 Net SKUs
in the same footprint



- **Assortment is the #2 motivating factor** for customers to shop Family Dollar
- Maximizing sales productivity through increased merchandisable space
- **25% more resets** planned in FY23 vs. FY22
- Advancing **localization** by tailoring planograms to specific customer demographics
- Increasing the number of **on-shelf promotions** to drive multiple purchases
- Expanding **average cooler doors per store to 30 from 23** by adding 16,000 additional doors in FY23



Note: By end of FY23

Assortment Localization

UTILIZING ETHNICITY, DEMAND INDEXING, STORE VOLUME AND SHRINK RATES TO MODIFY STORE-LEVEL ASSORTMENTS

Category	# of Versions	Localization Method
Pet	350	Demand: Dog vs. Cat
Carbonated soft drinks	323	Demand: Brand / Flavors
Laundry	86	Demand and Shrink: Pods vs. Liquid
Hair care	76	Ethnicity: Low to High AA
Cosmetics	65	Volume, Ethnicity, and Shrink
Bath soap	47	Demand, Ethnicity, and Shrink: Bar vs. Body Wash

Right Assortment, Right Store, Right Time



78" Shelf Profile: Condiments

Before: Merchandised to 72"



After: Merchandised to 78"



20% More SKUs in the same footprint | 20% sales comp post reset



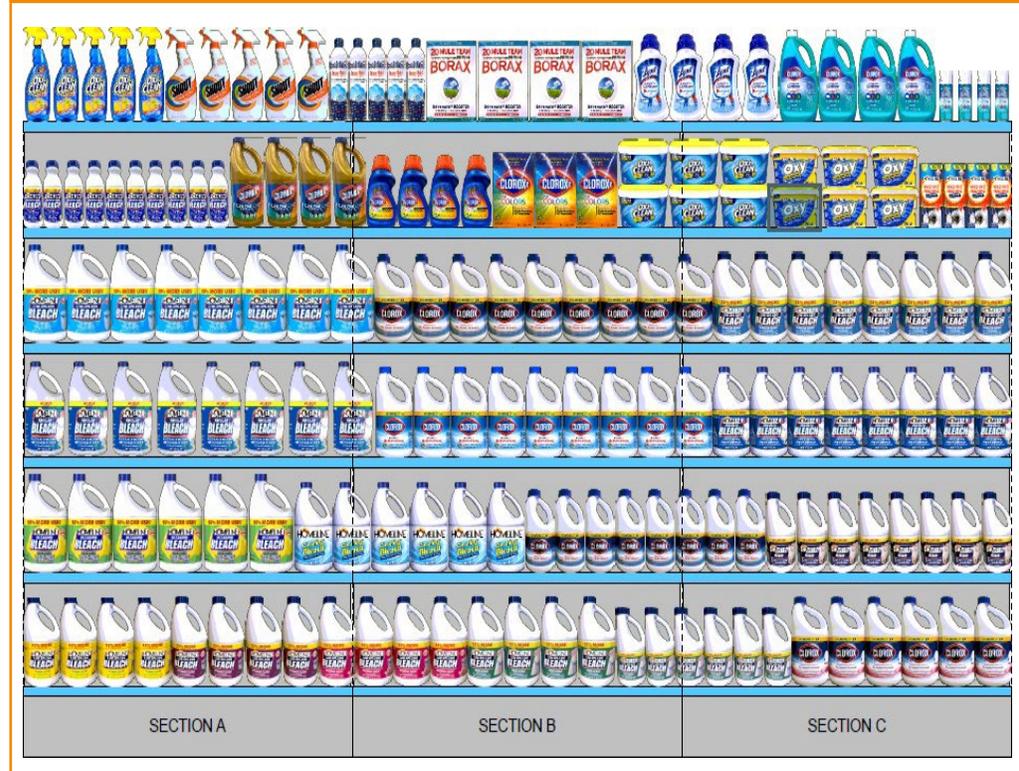
Note: Store performance versus 13-week period prior to the renovation

78" Shelf Profile: Bleach

Before: Merchandised to 72"



After: Merchandised to 78"



17% more holding power in the same footprint for the highest market share category



Note: Store performance versus 13-week period prior to the renovation

Enhanced Navigation and POP* Utilization



Regimen Education at Shelf

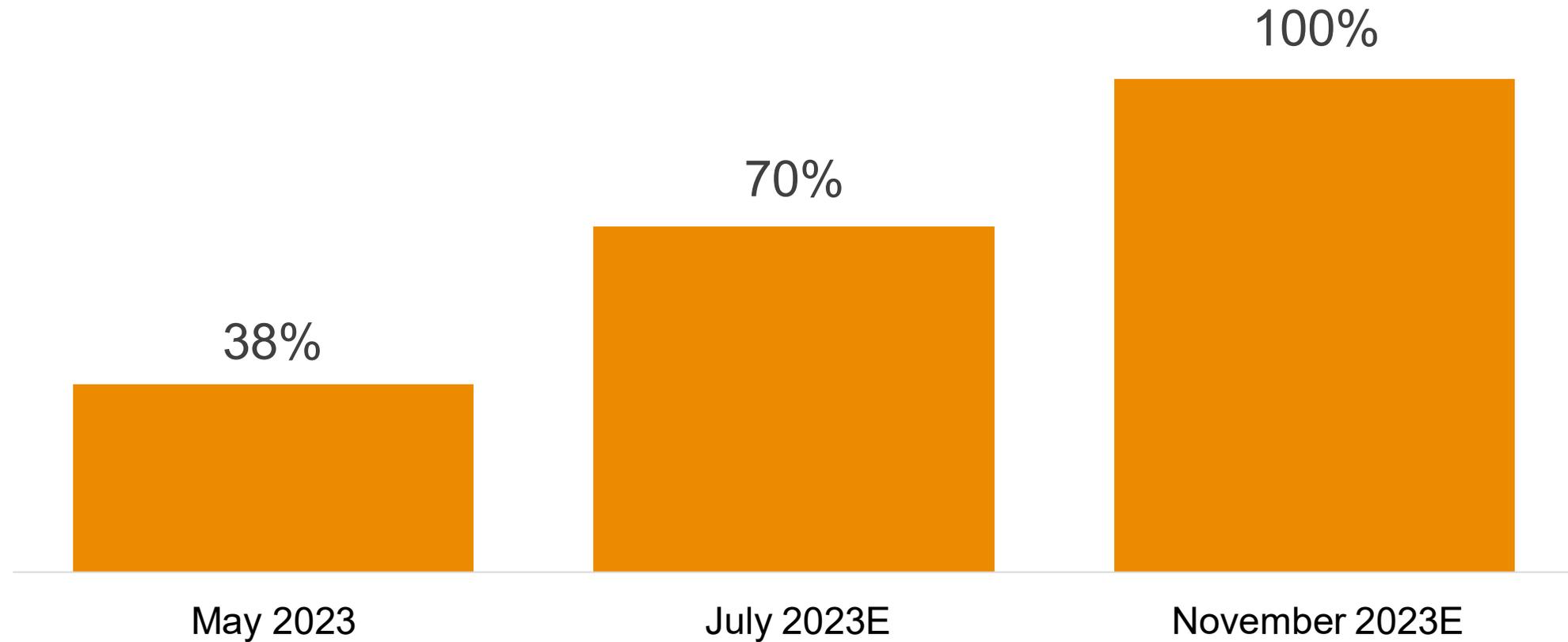
11% more SKUs in the same footprint | 11% sales comp post reset



* POP: Point-of-Purchase

Category Resets Complete by November 2023

PLANOGRAM RESET COMPLETION



Improving Store Productivity & Enhancing Gross Margins

Emerging Formats

- H2.5
- Rural
- Extra Small Box

Expanded & Improved Assortment

- Localization
- 78" Shelf Profile
- POP Utilization
- Resets

Private Brands

Enhanced Marketing

Designed to Drive Store Productivity and Enhance Margins



Private Brands

Brand Refresh

- Improved and defined brand architecture
- Building customer trust
- Improved presentation and packaging

Quality Assurance

- NEW TEST KITCHEN
- Dedicated environment
 - QA specialist to focus on providing customers with the best product

Operating Efficiencies

- Accelerate auction process
- Improved payment terms



New “Hybrid” Brand Architecture

NEW “HYBRID MODEL” ARCHITECTURE CONSOLIDATES OUR BRANDS WITH A CONSISTENT BRAND MESSAGE OF “FAMILY” FOR OUR CUSTOMERS





Test Kitchen

- Opened our new Test Kitchen in February
- Will ensure the **excellence** of our private brand products
- Enhancing our quality control standards with **increased testing and rigor**
- Identifying **areas for improvement** within product composition and consumer expectation



Current Control Brand



New Private Brand



Family Wellness Packaging Update

- Total of **70+ new SKUs** by FY23 Q4
- Alignment of brands under one consistent “Family” brand message
- Customers prefer simple and concise branding
- Converting over 300 Control Brands to Private Brands





New Vitamin Program

- Launching in FY23 Q4
- Total of **35+ new SKUs**
- Branding exclusive to Family Dollar



Importance of Private Brands

Private Brands provide **VALUE** across all highly consumable categories and represent:

11%
of all SKUs

13%
of all sales

23%
of comp growth

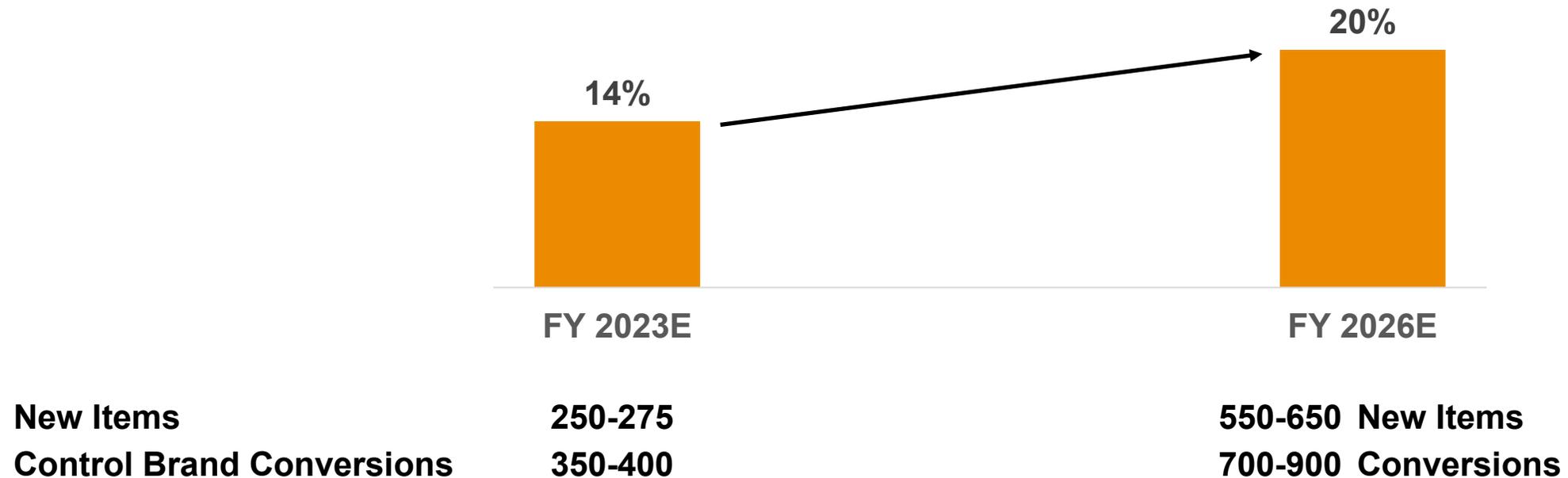
19%
of gross margin



Note: Q1 FY23 performance

Increasing Private Brand Penetration

PRIVATE BRAND PENETRATION



Each **100 bp** increase in private brand penetration drives **14 bps** in consumables gross margin



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- Quality Assurance
- Improved Efficiencies

Enhanced Marketing

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Transform the Customer Experience

	From	To
Rewards & Engagement	Shoppers can redeem coupons, but are not rewarded for loyalty or engagement	Distinctive experience through an expanded suite of rewards that match their engagement level
Retail Media	Limited advertising options that vendors can leverage	Expanded offering including sponsored products, dedicated app pages, and more
App Commerce	Shoppers can browse products, but cannot make a purchase	End-to-end shopping experience, from product discovery through checkout or in-store pickup
Personalization	Singular online experience for customers, regardless of behaviors or preferences	Tailored messaging, rewards, and product recommendations based on their zero- and first-party data



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Private Brands

- Brand Refresh
- Quality Assurance
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Enhanced Marketing

- Rewards & Engagement
- Retail Media
- App Commerce
- Personalization

Designed to Drive Store Productivity and Enhance Margins





Key Takeaways

FAMILY DOLLAR

- Remain laser focused on Value and Convenience
 - Price
 - Assortment optimization/cooler expansion
 - Promotions

- Continue to retain and recruit new customer trips and transactions

- Private Brand acceleration that delivers on customer expectations for quality, value, and satisfaction

- Deliver on our operating imperatives

- Connect our partners to our customers



Next Level

OUR CLEAR PATH FORWARD