**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended October 29, 2022**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

**Commission File Number: 0-25464**

**DOLLAR TREE, INC.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Virginia**<br>(State or other jurisdiction of incorporation or organization) | **26-2018846**<br>(I.R.S. Employer Identification No.) |
| **500 Volvo Parkway**<br>**Chesapeake, Virginia**<br>(Address of principal executive offices) | **23320**<br>(Zip Code) |

**(757) 321-5000**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $.01 per share | DLTR | NASDAQ Global Select Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 18, 2022, there were221,184,479 shares of the registrant’s common stock outstanding.

**DOLLAR TREE, INC.**
**FORM 10-Q**
**FOR THE QUARTERLY PERIOD ENDED OCTOBER 29, 2022**
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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED INCOME STATEMENTS**
**(Unaudited)**

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| (in millions, except per share data) | October 29, 2022 | October 30, 2021 | October 29, 2022 | October 30, 2021 |
| Net sales | $ 6,936.6 | $ 6,415.4 | $ 20,602.0 | $ 19,232.4 |
| Other revenue | 3.3 | 2.3 | 9.0 | 8.2 |
| Total revenue | 6,939.9 | 6,417.7 | 20,611.0 | 19,240.6 |
| Cost of sales | 4,865.1 | 4,651.7 | 14,065.6 | 13,643.6 |
| Selling, general and administrative expenses | 1,693.5 | 1,455.5 | 4,927.2 | 4,364.4 |
| Operating income | 381.3 | 310.5 | 1,618.2 | 1,232.6 |
| Interest expense, net | 32.7 | 33.4 | 97.3 | 99.4 |
| Other expense, net | 0.2 | 0.2 | 0.3 | 0.2 |
| Income before income taxes | 348.4 | 276.9 | 1,520.6 | 1,133.0 |
| Provision for income taxes | 81.5 | 60.1 | 357.4 | 259.3 |
| Net income | $ 266.9 | $ 216.8 | $ 1,163.2 | $ 873.7 |
| Basic net income per share | $ 1.20 | $ 0.96 | $ 5.20 | $ 3.82 |
| Diluted net income per share | $ 1.20 | $ 0.96 | $ 5.17 | $ 3.80 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Unaudited)**

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| (in millions) | October 29, 2022 | October 30, 2021 | October 29, 2022 | October 30, 2021 |
| Net income | $ 266.9 | $ 216.8 | $ 1,163.2 | $ 873.7 |
| Foreign currency translation adjustments | (8.3) | 0.7 | (9.4) | 3.9 |
| Total comprehensive income | $ 258.6 | $ 217.5 | $ 1,153.8 | $ 877.6 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| (in millions) | October 29, 2022 | January 29, 2022 | October 30, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 439.0 | $ 984.9 | $ 701.4 |
| Merchandise inventories | 5,657.7 | 4,367.3 | 4,316.0 |
| Other current assets | 349.9 | 257.0 | 357.1 |
| Total current assets | 6,446.6 | 5,609.2 | 5,374.5 |
| Property, plant and equipment, net of accumulated depreciation of $5,849.8, $5,363.8 and $5,209.9, respectively | 4,823.9 | 4,477.3 | 4,377.4 |
| Restricted cash | 67.9 | 53.4 | 53.4 |
| Operating lease right-of-use assets | 6,413.3 | 6,425.3 | 6,424.0 |
| Goodwill | 1,982.4 | 1,984.4 | 1,985.3 |
| Trade name intangible asset | 3,100.0 | 3,100.0 | 3,100.0 |
| Deferred tax asset | 15.7 | 20.3 | 22.3 |
| Other assets | 59.7 | 51.9 | 53.1 |
| Total assets | $ 22,909.5 | $ 21,721.8 | $ 21,390.0 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | $ 350.0 | $ — | $ — |
| Current portion of operating lease liabilities | 1,426.7 | 1,407.8 | 1,388.0 |
| Accounts payable | 1,864.2 | 1,884.2 | 1,984.8 |
| Income taxes payable | — | 82.6 | — |
| Other current liabilities | 1,042.2 | 802.0 | 918.4 |
| Total current liabilities | 4,683.1 | 4,176.6 | 4,291.2 |
| Long-term debt, net, excluding current portion | 3,420.4 | 3,417.0 | 3,231.1 |
| Operating lease liabilities, long-term | 5,155.9 | 5,145.5 | 5,151.0 |
| Deferred income taxes, net | 1,101.1 | 987.2 | 1,096.8 |
| Income taxes payable, long-term | 22.0 | 20.9 | 26.4 |
| Other liabilities | 251.7 | 256.1 | 349.1 |
| Total liabilities | 14,634.2 | 14,003.3 | 14,145.6 |
| Commitments and contingencies (Note 2) | | | |
| Shareholders' equity | 8,275.3 | 7,718.5 | 7,244.4 |
| Total liabilities and shareholders' equity | $ 22,909.5 | $ 21,721.8 | $ 21,390.0 |
| | | | |
| Common shares outstanding | 221.2 | 225.1 | 224.9 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**
**(Unaudited)**

| | 13 Weeks Ended October 29, 2022 | | | | | |
|---|---|---|---|---|---|---|
| (in millions) | Common Stock Shares | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Shareholders' Equity |
| Balance at July 30, 2022 | 223.9 | $ 2.2 | $ 1,026.7 | $ (36.3) | $ 7,403.9 | $ 8,396.5 |
| Net income | — | — | — | — | 266.9 | 266.9 |
| Total other comprehensive loss | — | — | — | (8.3) | — | (8.3) |
| Issuance of stock under Employee Stock Purchase Plan | 0.1 | — | 2.3 | — | — | 2.3 |
| Stock-based compensation, net | — | — | 15.4 | — | — | 15.4 |
| Repurchase of stock | (2.8) | — | (397.5) | — | — | (397.5) |
| Balance at October 29, 2022 | 221.2 | $ 2.2 | $ 646.9 | $ (44.6) | $ 7,670.8 | $ 8,275.3 |

| | 39 Weeks Ended October 29, 2022 | | | | | |
|---|---|---|---|---|---|---|
| (in millions) | Common Stock Shares | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Shareholders' Equity |
| Balance at January 29, 2022 | 225.1 | $ 2.2 | $ 1,243.9 | $ (35.2) | $ 6,507.6 | $ 7,718.5 |
| Net income | — | — | — | — | 1,163.2 | 1,163.2 |
| Total other comprehensive loss | — | — | — | (9.4) | — | (9.4) |
| Issuance of stock under Employee Stock Purchase Plan | 0.1 | — | 7.1 | — | — | 7.1 |
| Stock-based compensation, net | 0.6 | — | 43.4 | — | — | 43.4 |
| Repurchase of stock | (4.6) | — | (647.5) | — | — | (647.5) |
| Balance at October 29, 2022 | 221.2 | $ 2.2 | $ 646.9 | $ (44.6) | $ 7,670.8 | $ 8,275.3 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (cont.)**
**(Unaudited)**

| (in millions) | 13 Weeks Ended October 30, 2021 Common Stock Shares | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Shareholders' Equity |
|---|---|---|---|---|---|---|
| Balance at July 31, 2021 | 224.9 | $ 2.2 | $ 1,204.9 | $ (32.0) | $ 5,836.6 | $ 7,011.7 |
| Net income | — | — | — | — | 216.8 | 216.8 |
| Total other comprehensive income | — | — | — | 0.7 | — | 0.7 |
| Issuance of stock under Employee Stock Purchase Plan | — | — | 2.4 | — | — | 2.4 |
| Stock-based compensation, net | — | — | 12.8 | — | — | 12.8 |
| Balance at October 30, 2021 | 224.9 | $ 2.2 | $ 1,220.1 | $ (31.3) | $ 6,053.4 | $ 7,244.4 |

| (in millions) | 39 Weeks Ended October 30, 2021 Common Stock Shares | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Shareholders' Equity |
|---|---|---|---|---|---|---|
| Balance at January 30, 2021 | 233.4 | $ 2.3 | $ 2,138.5 | $ (35.2) | $ 5,179.7 | $ 7,285.3 |
| Net income | — | — | — | — | 873.7 | 873.7 |
| Total other comprehensive income | — | — | — | 3.9 | — | 3.9 |
| Issuance of stock under Employee Stock Purchase Plan | 0.1 | — | 8.3 | — | — | 8.3 |
| Exercise of stock options | — | — | 0.7 | — | — | 0.7 |
| Stock-based compensation, net | 0.6 | — | 22.5 | — | — | 22.5 |
| Repurchase of stock | (9.2) | (0.1) | (949.9) | — | — | (950.0) |
| Balance at October 30, 2021 | 224.9 | $ 2.2 | $ 1,220.1 | $ (31.3) | $ 6,053.4 | $ 7,244.4 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | 39 Weeks Ended | |
|---|---|---|
| (in millions) | October 29, 2022 | October 30, 2021 |
| Cash flows from operating activities: | | |
| Net income | $ 1,163.2 | $ 873.7 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 571.4 | 527.3 |
| Provision for deferred income taxes | 117.4 | 85.0 |
| Stock-based compensation expense | 90.8 | 63.1 |
| Amortization of debt discount and debt-issuance costs | 3.4 | 4.9 |
| Other non-cash adjustments to net income | 26.4 | 8.6 |
| Changes in operating assets and liabilities | (1,238.5) | (543.9) |
| Net cash provided by operating activities | 734.1 | 1,018.7 |
| Cash flows from investing activities: | | |
| Capital expenditures | (920.8) | (749.6) |
| Proceeds from governmental grant | — | 2.9 |
| Proceeds from (payments for) fixed asset disposition | (5.1) | 0.4 |
| Net cash used in investing activities | (925.9) | (746.3) |
| Cash flows from financing activities: | | |
| Proceeds from revolving credit facility | 440.0 | — |
| Repayments of revolving credit facility | (90.0) | — |
| Proceeds from stock issued pursuant to stock-based compensation plans | 7.1 | 9.0 |
| Cash paid for taxes on exercises/vesting of stock-based compensation | (47.4) | (40.6) |
| Payments for repurchase of stock | (647.5) | (950.0) |
| Net cash used in financing activities | (337.8) | (981.6) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1.8) | 0.4 |
| Net decrease in cash, cash equivalents and restricted cash | (531.4) | (708.8) |
| Cash, cash equivalents and restricted cash at beginning of period | 1,038.3 | 1,463.6 |
| Cash, cash equivalents and restricted cash at end of period | $ 506.9 | $ 754.8 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for: | | |
| Interest, net of amounts capitalized | $ 65.4 | $ 65.7 |
| Income taxes | $ 373.4 | $ 362.5 |
| Non-cash transactions: | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ 1,095.0 | $ 1,134.3 |
| Accrued capital expenditures | $ 65.2 | $ 63.4 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Basis of Presentation**

Unless otherwise stated, references to "we," "us," and "our" in this quarterly report on Form 10-Q refer to Dollar Tree, Inc. and its direct and indirect subsidiaries on a consolidated basis. We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles for interim financial information and pursuant to the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the year ended January 29, 2022. The results of operations for the 13 and 39 weeks ended October 29, 2022 are not necessarily indicative of the results to be expected for the entire fiscal year ending January 28, 2023.

In our opinion, the unaudited condensed consolidated financial statements included herein contain all adjustments (including those of a normal recurring nature) considered necessary for a fair presentation of our financial position as of October 29, 2022 and October 30, 2021 and the results of our operations and cash flows for the periods presented. The January 29, 2022 balance sheet information was derived from the audited consolidated financial statements as of that date.

**Note 2 - Contingencies**

We are defendants in legal proceedings including the class, collective, representative and large cases described below as well as individual claims in arbitration. We will vigorously defend ourselves in these matters. We do not believe that any of these matters will, individually or in the aggregate, have a material effect on our business or financial condition. We cannot give assurance, however, that one or more of these matters will not have a material effect on our results of operations for the quarter or year in which they are reserved or resolved.

We assess our legal proceedings monthly and reserves are established if a loss is probable and the amount of such loss can be reasonably estimated. For matters that have settled, we reserve the estimated settlement amount even if the settlement has not been approved by the court. Many, if not substantially all, of our legal proceedings are subject to significant uncertainties and, therefore, determining the likelihood of a loss and the measurement of any loss can be complex and subject to judgment. With respect to legal proceedings where we have determined that a loss is reasonably possible but not probable, we are unable to estimate the amount or range of the reasonably possible loss due to the inherent difficulty of predicting the outcome of and uncertainties regarding legal proceedings. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. Management's assessment of legal proceedings could change because of future determinations or the discovery of facts which are not presently known. Accordingly, the ultimate costs of resolving these proceedings may be substantially higher or lower than currently estimated.

***Active Matters***

On February 11, 2022, the FDA issued Form 483 observations primarily regarding rodent infestation at Family Dollar's West Memphis, Arkansas distribution center ("DC 202") and the related sale and distribution of adulterated product, as well as other processes and procedures that require remediation. In connection therewith, we initiated a voluntary retail-level product recall of FDA and U.S. Department of Agriculture-regulated products stored and shipped from DC 202 from January 1, 2021 through February 18, 2022 (the "Recall"), temporarily closed DC 202 for extensive cleaning, temporarily closed the affected stores to permit the removal and destruction of inventory subject to the Recall, ceased sales of relevant inventory subject to the Recall, permanently ceased the shipment of FDA-regulated products from DC 202, and initiated corrective actions. In June 2022, we stopped shipping to stores from DC 202 and are decommissioning the facility. On November 9, 2022 we received an FDA Warning Letter ("Warning Letter") in connection with the DC 202 inspection. The conditions and issues detailed in the Warning Letter are generally the same as those described in the Form 483 observations or were otherwise observed during the inspection. The Warning Letter acknowledged certain remedial actions we have taken in response to the Form 483 observations, including conducting the voluntary recall and decommissioning the facility. We are taking this matter extremely seriously and continue to cooperate with the FDA.

Since February 22, 2022, Family Dollar has received14 putative class action complaints primarily related to issues associated with DC 202 described above. The lawsuits are proceeding in federal court in Tennessee using the federal court's multi-district litigation process. An amended consolidated complaint seeking class action status was filed October 17, 2022 alleging violations of the Mississippi, Arkansas, Louisiana, Tennessee, Alabama and Missouri consumer protection laws, breach of warranty, negligence, misrepresentation, deception and unjust enrichment related to the sale of products that may be contaminated by virtue of rodent infestation and other unsanitary conditions. Plaintiffs seek damages, attorney fees and costs, punitive damages and the replacement of, or refund of, money paid to purchase the relevant products, and any other legal relief available for their claims (in each case in unspecified amounts), including equitable and injunctive relief. We have filed a motion to dismiss the amended consolidated complaint and a ruling on the motion by the court is expected in early 2023.

On March 1, 2022, a federal grand jury subpoena was issued to us by the Eastern District of Arkansas requesting the production of information, documents and records pertaining to pests, sanitation, compliance with law, and the issues described above. We are cooperating with the subpoena and the related investigation; however, no assurance can be given as to the timing or outcome of this matter.

On April 28, 2022, the State of Arkansas filed a complaint in state court alleging violations of the Arkansas Deceptive Trade Practices Act, gross negligence and negligence, strict liability in tort, unjust enrichment and civil conspiracy related to the sale of products that may have been contaminated by virtue of rodent infestation and other unsanitary conditions. The State of Arkansas is seeking injunctive relief, restitution, disgorgement, damages, civil penalties, punitive damages and suspension or revocation of our authorization to do business in Arkansas.

The Food and Drug Administration (“FDA”) has alleged that Dollar Tree improperly sold certain topically applied, over the counter products manufactured by certain Chinese factories that were on an import “alert” restriction issued by the FDA. We believe we have made significant improvements in our processes in our supply chain and continue to monitor these for compliance.

From time to time, various federal and state regulators such as the U.S. Department of Labor’s Occupational Safety and Health Administration and the state equivalents along with state-level hazardous waste and product regulators have found violations of applicable regulations at Dollar Tree stores and Family Dollar stores and assessed penalties relating to the violations. For those periods in which this occurs, pending resolution of the matters, we record the associated estimated liabilities in the financial statements.

California state court lawsuits have been filed against Dollar Tree and Family Dollar for similar employment-related claims brought under the Private Attorney General Act (“PAGA”). These cases allege that we failed to provide non-exempt associates with compliant rest and meal breaks, suitable seating, overtime pay, minimum wages, reimbursement of business expenses, and properly calculated sick leave pay, as well as other potential labor code violations. The plaintiffs generally seek civil penalties and attorneys’ fees and costs.

Five personal injury lawsuits are pending in state court in Illinois, New York, Massachusetts, Texas, and New Jersey against Dollar Tree, Family Dollar or both alleging that certain talc products that were sold in the past caused cancer. The plaintiffs seek compensatory, punitive and exemplary damages, damages for loss of consortium, and attorneys’ fees and costs. Although we have been able to resolve previous talc lawsuits against us without material loss to the company, given the inherent uncertainties of litigation there can be no assurances regarding the outcome of pending or future cases. Future costs to litigate these cases are not known but may be material, and it is uncertain whether our costs will be covered by insurance. In addition, although we have indemnification rights against our vendors in several of these cases, it is uncertain whether the vendors will have the financial ability to carry out their obligations.

Since August 2022, four personal injury cases have been filed in federal court in California and Minnesota against Dollar Tree, Family Dollar, or both, on behalf of minors alleging that their mothers took acetaminophen while pregnant, that the acetaminophen interfered with fetal development such that plaintiffs were born with autism and/or ADHD, and that we knew or should have known of the danger, had a duty to warn and failed to include appropriate warnings on the product labels. The plaintiffs seek compensatory, punitive and/or exemplary damages, restitution and disgorgement, economic damages, and attorneys’ fees and costs. These cases, along with other cases against many other defendants, have been consolidated in multi-district court litigation in the Southern District of New York.

Since September 2022, five personal injury cases have been filed in state court in Pennsylvania against both Dollar Tree and Family Dollar alleging that both sold Zantac and generic ranitidine products containing N-Nitrosodimethylamine, which is classified by the FDA as a probable carcinogen. The plaintiffs seek compensatory, exemplary and punitive damages and costs. The five cases along with similar cases against other companies filed in the Philadelphia Court of Common Pleas have been consolidated. Under the court’s rules, one long form master complaint was filed in a process that is similar to multi-district litigation in federal court. Dollar Tree and Family Dollar have not been named as defendants in the long form master complaint but could still be named in short form complaints that may be filed. In addition, in February 2021, as part of a multi-district litigation in the Southern District of Florida, master personal injury and consumer protection class complaints were filed against Zantac manufacturers and retailers, including Dollar Tree and Family Dollar. While Dollar Tree and Family Dollar have been dismissed from both master complaints, those dismissals are currently being appealed. We believe we will be indemnified by our suppliers with respect to these proceedings.

Since January 2021, four state-wide consumer class actions have been filed against Family Dollar in Georgia, Alabama, Florida, and Tennessee for breach of warranty based on the allegation that the coffee we sold was mislabeled because the canisters did not contain enough coffee to make the number of cups of coffee stated on the label. The plaintiffs seek compensatory damages.

***Resolved Matters***

In August 2020 and July 2021, consumer class actions were filed against Family Dollar in New York and Illinois, respectively, alleging Smoked Almonds sold by us are mislabeled because the almonds do not go through a smoking process but rather acquire their smoky taste through the use of smoked flavoring. These actions alleged violation of consumer protection laws, negligent misrepresentation, breach of warranties, fraud and unjust enrichment. The New York and Illinois cases were dismissed with prejudice on March 21, 2022 and April 28, 2022, respectively.

**Note 3 - Fair Value Measurements**

As required, financial assets and liabilities are classified in the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). We did not record any material impairment charges during the 13 or 39 weeks ended October 29, 2022 or October 30, 2021.

**Fair Value of Financial Instruments**

The carrying amounts of Cash and cash equivalents, Restricted cash and Accounts payable as reported in the accompanying unaudited condensed consolidated balance sheets approximate fair value due to their short-term maturities. The carrying value of our Revolving Credit Facility approximates its fair value.

The aggregate fair values and carrying values of our long-term borrowings were as follows:

| | October 29, 2022 | | January 29, 2022 | | October 30, 2021 | |
|---|---|---|---|---|---|---|
| (in millions) | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value |
| **Level 1** | | | | | | |
| Senior Notes | $ 3,004.6 | $ 3,425.8 | $ 3,558.5 | $ 3,423.4 | $ 3,532.4 | $ 3,234.5 |

The fair values of our Senior Notes were determined using Level 1 inputs as quoted prices in active markets for identical assets or liabilities are available.

**Note 4 - Net Income Per Share**

The following table sets forth the calculations of basic and diluted net income per share:

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| (in millions, except per share data) | October 29, 2022 | October 30, 2021 | October 29, 2022 | October 30, 2021 |
| **Basic net income per share:** | | | | |
| Net income | $ 266.9 | $ 216.8 | $ 1,163.2 | $ 873.7 |
| Weighted average number of shares outstanding | 222.2 | 224.9 | 223.9 | 228.9 |
| Basic net income per share | $ 1.20 | $ 0.96 | $ 5.20 | $ 3.82 |
| **Diluted net income per share:** | | | | |
| Net income | $ 266.9 | $ 216.8 | $ 1,163.2 | $ 873.7 |
| Weighted average number of shares outstanding | 222.2 | 224.9 | 223.9 | 228.9 |
| Dilutive effect of stock options and restricted stock (as determined by applying the treasury stock method) | 0.8 | 0.9 | 0.9 | 1.0 |
| Weighted average number of shares and dilutive potential shares outstanding | 223.0 | 225.8 | 224.8 | 229.9 |
| Diluted net income per share | $ 1.20 | $ 0.96 | $ 5.17 | $ 3.80 |

Stock options and other stock-based awards of 2.3 million shares and 3.0 million shares were excluded from the calculation of diluted net income per share for the 13 and 39 weeks ended October 29, 2022, respectively, because their inclusion would be anti-dilutive. Stock options and other stock-based awards of 0.1 million shares and 1.1 million shares were excluded from the calculation of diluted net income per share for the 13 and 39 weeks ended October 30, 2021, respectively, because their inclusion would be anti-dilutive.

**Note 5 - Stock-Based Compensation**

For a discussion of our stock-based compensation plans, refer to "Note 10 - Stock-Based Compensation Plans" of our Annual Report on Form 10-K for the year ended January 29, 2022. Stock-based compensation expense was $90.8 million and $63.1 million during the 39 weeks ended October 29, 2022 and October 30, 2021, respectively.

**Restricted Stock**

We issue service-based RSUs to employees and officers and issue PSUs to certain of our officers. We recognize expense based on the estimated fair value of the RSUs or PSUs granted over the requisite service period, which is generally three years, on a straight-line basis or a shorter period based on the retirement eligibility of the grantee. The fair value of RSUs and PSUs is determined based on our closing stock price on the grant date.

***Service-Based RSUs***

The following table summarizes the status of service-based RSUs as of October 29, 2022 and changes during the 39 weeks then ended:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at January 29, 2022 | 1,096,066 | $ 94.16 |
| Granted | 437,874 | 158.63 |
| Vested | (531,138) | 93.63 |
| Forfeited | (119,350) | 119.22 |
| Nonvested at October 29, 2022 | 883,452 | $ 123.04 |

***PSUs***

The following table summarizes the status of PSUs as of October 29, 2022 and changes during the 39 weeks then ended:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at January 29, 2022 | 584,972 | $ 91.86 |
| Granted | 206,044 | 159.27 |
| Vested | (313,318) | 90.98 |
| Forfeited | (189,340) | 116.40 |
| Nonvested at October 29, 2022 | 288,358 | $ 123.66 |

**Stock Options**

Stock options are valued using the Black-Scholes option pricing model and compensation expense is recognized on a straight-line basis over the requisite service period.

On March 19, 2022, we granted a one-time award of options to purchase 2,252,587 shares of our common stock with a fair value of $135.6 million to the Executive Chairman of the Board. The grant of options was subject to the terms and conditions of a five-year Executive Agreement with the Executive Chairman. The option award has a ten-year term and is scheduled to vest in equal installments on each of the first five anniversaries of the grant date, subject to the Executive Chairman's continued employment with the company through each vesting date. The assumptions used in the Black-Scholes option pricing model for this award are as follows:

| | | |
|---|---|---|
| Expected term (in years) | | 6.5 |
| Expected stock price volatility | 34.1 | % |
| Dividend yield | — | % |
| Risk-free interest rate | 2.15 | % |

The simplified method was used to estimate the expected term of the options due to our lack of historical option exercise experience and the "plain vanilla" characteristics of the option award. The simplified method results in an expected term equal to the average of the weighted average time-to-vesting and the contractual life of the options. The expected stock price volatility is based on the historical volatility of our common stock over a period matching the expected term of the options granted. The dividend yield reflects that we have never paid cash dividends. The risk-free interest rate represents the yield curve in effect at the time of grant for U.S. Treasury zero-coupon securities with maturities that approximate the expected term of the options.

The following table summarizes information about options outstanding at October 29, 2022 and changes during the 39 weeks then ended:

| | Number of Shares | Weighted Average Per Share Exercise Price | Weighted Average Remaining Term (Years) | Aggregate Intrinsic Value (in millions) |
|---|---|---|---|---|
| Outstanding at January 29, 2022 | 24,541 | $ 90.38 | | |
| Granted | 2,252,979 | 157.16 | | |
| Exercised | (370) | 76.97 | | |
| Outstanding at October 29, 2022 | 2,277,150 | $ 156.45 | 9.3 | $ 4.8 |
| Exercisable at October 29, 2022 | 24,563 | $ 90.80 | 4.1 | $ 1.7 |

**Note 6 - Shareholders' Equity**

We repurchased 2,859,200 and 4,613,696 shares of common stock on the open market for $397.5 million and $647.5 million during the 13 and 39 weeks ended October 29, 2022, respectively. We did not repurchase any shares of common stock on the open market during the 13 weeks ended October 30, 2021. We repurchased 9,156,898 shares of common stock on the open market for $950.0 million during the 39 weeks ended October 30, 2021. At October 29, 2022, we had $1.85 billion remaining under our Board repurchase authorization.

**Note 7 - Segments and Disaggregated Revenue**

We operate a chain of more than 16,200 retail discount stores in 48 states and five Canadian provinces. Our operations are conducted in two reporting business segments: Dollar Tree and Family Dollar. We define our segments as those operations whose results our chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources.

The Dollar Tree segment is the leading operator of discount variety stores offering merchandise predominantly at the fixed price point of $1.25. The Dollar Tree segment includes our operations under the "Dollar Tree" and "Dollar Tree Canada" brands, 15 distribution centers in the United States and two distribution centers in Canada.

The Family Dollar segment operates a chain of general merchandise retail discount stores providing consumers with a selection of competitively-priced merchandise in convenient neighborhood stores. The Family Dollar segment consists of our operations under the "Family Dollar" brand and 10 distribution centers. The Family Dollar segment Operating income includes advertising revenue, which is a component of Other revenue in the accompanying unaudited condensed consolidated income statements.

We measure the results of our segments using, among other measures, each segment's net sales, gross profit and operating income. The CODM reviews these metrics for each of our reporting segments. We may revise the measurement of each segment's operating income, as determined by the information regularly reviewed by the CODM. If the measurement of a segment changes, prior period amounts and balances are reclassified to be comparable to the current period's presentation. Corporate, support and Other consists primarily of store support center costs that are considered shared services and therefore these selling, general and administrative costs are excluded from our two reporting business segments. These costs include operating expenses for our store support center and the results of operations for our Summit Pointe property in Chesapeake, Virginia.

Information for our segments, as well as for Corporate, support and Other, including the reconciliation to Income before income taxes, is as follows:

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| (in millions) | October 29, 2022 | October 30, 2021 | October 29, 2022 | October 30, 2021 |
| **Condensed Consolidated Income Statement Data:** | | | | |
| Net sales: | | | | |
| Dollar Tree | $ 3,756.1 | $ 3,417.4 | $ 11,109.0 | $ 10,003.0 |
| Family Dollar | 3,180.5 | 2,998.0 | 9,493.0 | 9,229.4 |
| Consolidated Net sales | $ 6,936.6 | $ 6,415.4 | $ 20,602.0 | $ 19,232.4 |
| | | | | |
| Gross profit: | | | | |
| Dollar Tree | $ 1,328.3 | $ 1,031.1 | $ 4,197.9 | $ 3,207.1 |
| Family Dollar | 743.2 | 732.6 | 2,338.5 | 2,381.7 |
| Consolidated Gross profit | $ 2,071.5 | $ 1,763.7 | $ 6,536.4 | $ 5,588.8 |
| | | | | |
| Operating income (loss): | | | | |
| Dollar Tree | $ 499.7 | $ 290.5 | $ 1,814.7 | $ 1,019.2 |
| Family Dollar | (18.4) | 88.6 | 126.1 | 456.3 |
| Corporate, support and Other | (100.0) | (68.6) | (322.6) | (242.9) |
| Consolidated Operating income | 381.3 | 310.5 | 1,618.2 | 1,232.6 |
| Interest expense, net | 32.7 | 33.4 | 97.3 | 99.4 |
| Other expense, net | 0.2 | 0.2 | 0.3 | 0.2 |
| Income before income taxes | $ 348.4 | $ 276.9 | $ 1,520.6 | $ 1,133.0 |

| | As of | | |
|---|---|---|---|
| (in millions) | October 29, 2022 | January 29, 2022 | October 30, 2021 |
| **Condensed Consolidated Balance Sheet Data:** | | | |
| Goodwill: | | | |
| Dollar Tree | $ 422.9 | $ 424.9 | $ 425.8 |
| Family Dollar | 1,559.5 | 1,559.5 | 1,559.5 |
| Consolidated Goodwill | $ 1,982.4 | $ 1,984.4 | $ 1,985.3 |
| | | | |
| Total assets: | | | |
| Dollar Tree | $ 9,785.2 | $ 9,358.4 | $ 8,954.7 |
| Family Dollar | 12,631.1 | 11,871.8 | 11,869.8 |
| Corporate, support and Other | 493.2 | 491.6 | 565.5 |
| Consolidated Total assets | $ 22,909.5 | $ 21,721.8 | $ 21,390.0 |

**Disaggregated Revenue**

The following table summarizes net sales by merchandise category for our segments:

| (in millions) | 13 Weeks Ended October 29, 2022 | | 13 Weeks Ended October 30, 2021 | | 39 Weeks Ended October 29, 2022 | | 39 Weeks Ended October 30, 2021 | |
|---|---|---|---|---|---|---|---|---|
| Dollar Tree segment net sales by merchandise category: | | | | | | | | |
| Consumable | $ 1,735.5 | 46.2 % | $ 1,563.0 | 45.7 % | $ 5,154.6 | 46.4 % | $ 4,671.4 | 46.7 % |
| Variety | 1,708.3 | 45.5 % | 1,596.3 | 46.7 % | 5,465.6 | 49.2 % | 4,961.5 | 49.6 % |
| Seasonal | 312.3 | 8.3 % | 258.1 | 7.6 % | 488.8 | 4.4 % | 370.1 | 3.7 % |
| Total Dollar Tree segment net sales | $ 3,756.1 | 100.0 % | $ 3,417.4 | 100.0 % | $ 11,109.0 | 100.0 % | $ 10,003.0 | 100.0 % |
| Family Dollar segment net sales by merchandise category: | | | | | | | | |
| Consumable | $ 2,515.8 | 79.1 % | $ 2,359.4 | 78.7 % | $ 7,417.9 | 78.1 % | $ 7,065.3 | 76.6 % |
| Home products | 238.5 | 7.5 % | 228.7 | 7.6 % | 720.7 | 7.6 % | 777.0 | 8.4 % |
| Apparel and accessories | 181.4 | 5.7 % | 178.3 | 6.0 % | 540.7 | 5.7 % | 592.4 | 6.4 % |
| Seasonal and electronics | 244.8 | 7.7 % | 231.6 | 7.7 % | 813.7 | 8.6 % | 794.7 | 8.6 % |
| Total Family Dollar segment net sales | $ 3,180.5 | 100.0 % | $ 2,998.0 | 100.0 % | $ 9,493.0 | 100.0 % | $ 9,229.4 | 100.0 % |

**Note 8 - Long-Term Debt**

**Revolving Credit Facility**

The following table summarizes information pertaining to our revolving credit facilities:

| (in millions) | October 29, 2022 | January 29, 2022 | October 30, 2021 |
|---|---|---|---|
| Revolving Credit Facility Capacity | **$ 1,500.0** | **$ 1,500.0** | **$ 1,250.0** |
| Loans Outstanding | 350.0 | — | — |
| Standby Letters of Credit Outstanding | 44.3 | 46.0 | 69.8 |
| Available Capacity | 1,105.7 | 1,454.0 | 1,180.2 |

The weighted-average interest rate for the $350.0 million of loans outstanding at October 29, 2022 was4.69%.

**Debt Covenants**

As of October 29, 2022, we were in compliance with our debt covenants.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Cautionary Note Regarding Forward-Looking Statements:** This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they address future events, developments and results and do not relate strictly to historical facts. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements include, without limitation, statements preceded by, followed by or including words such as "believe," "anticipate," "expect," "intend," "plan," "view," "target" or "estimate," "may," "will," "should," "predict," "possible," "potential," "continue," "strategy," and similar expressions. For example, our forward-looking statements include, without limitation, statements regarding:

- Our expectations regarding the impact of continued supply chain challenges on our product availability, product mix, sales and merchandise margin, including uncertainties associated with delays in receiving imported merchandise from Asia and expected increases in our costs due to inventory levels exceeding the storage capacity of our distribution centers;
- Our expectations regarding oceanic shipping and domestic freight and fuel costs;
- Our expectations regarding consumer spending behavior and inflation-related cost increases, including the impact on our gross margins;
- Our expectations regarding increased expenses for higher wages and bonuses paid to associates, including increases in the minimum wage by States and localities and potential federal legislation increasing the minimum wage;
- Our expectations regarding the effect of general business or economic conditions on our business and results of operations, including the effects of inflation and labor shortages in our markets;
- The uncertainty of the impact of the COVID-19 pandemic and public health measures on our business, results of operations, customers and suppliers, including any future impact on our supply chain or sources of supply;
- The reliability of, and cost associated with, our sources of supply, particularly imported goods such as those sourced from China and higher cost domestic goods;
- The expected impact of labor disagreements and potential work disruptions or strikes, including at ports located in California, Oregon, and Washington, on shipping delays and the availability and cost of merchandise;
- The expected and possible outcome, costs, and impact of pending or potential litigation, arbitrations, other legal proceedings or governmental investigations (including U.S. Food and Drug Administration matters), including with respect to the availability of indemnification or insurance;
- Our plans to renovate existing Family Dollar stores and build new stores in the H2 store format, and the performance of that format on our results of operations;
- Our plans and expectations relating to the introduction of additional price points above $1 in our Dollar Tree stores and our investments in new products, including the impact on our gross margins;
- Our plans and expectations relating to new store openings and new store concepts such as Dollar Tree*Plus* and our Combo Store format;
- Our plans and expectations regarding our current initiatives and future strategic investments and the uncertainty with respect to the amount, timing and impact of those initiatives and investments on our business and results of operations; and
- Our expectations regarding higher commodity and other costs associated with the build-out of new stores and the renovation of existing stores, limitations on the availability of certain fixtures and equipment and construction, permitting and inspection delays related to new store openings.

A forward-looking statement is neither a prediction nor a guarantee of future results, events or circumstances. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Our forward-looking statements are all based on currently available operating, financial and business information. The outcome of the events described in these forward-looking statements is subject to a variety of factors, including, but not limited to, the risks and uncertainties summarized below and the more detailed discussions in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and elsewhere in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, and in this Quarterly Report on Form 10-Q. The following risks could have a material adverse impact on our sales, costs, profitability, financial performance or implementation of strategic initiatives:

- Our profitability is vulnerable to increases in oceanic shipping costs, domestic freight and fuel costs, wage and benefit costs and other operating costs.
- We are experiencing higher costs and disruptions in our distribution network, which have had and could have an adverse impact on our sales, margins and profitability.
- We may stop selling or recall certain products for safety-related or other issues.
- Our business and results of operations could be materially harmed if we experience a decline in consumer confidence and spending as a result of consumer concerns about the quality and safety of our products.
- Inflation or other adverse change or downturn in economic conditions could impact our sales or profitability.
- If the COVID-19 pandemic and associated disruptions worsen or continue longer than expected, there could be a material adverse impact on our business and results of operations.
- Risks associated with our domestic and foreign suppliers could adversely affect our financial performance.
- Our supply chain may be disrupted by changes in United States trade policy with China.
- Our growth is dependent on our ability to increase sales in existing stores and to expand our square footage profitably.
- Our profitability is affected by the mix of products we sell.
- Pressure from competitors may reduce our sales and profits.
- Our business could be adversely affected if we fail to attract and retain qualified associates and key personnel.
- We may not be successful in implementing or in anticipating the impact of important strategic initiatives, and our plans for implementing such initiatives may be altered or delayed due to various factors, which may have an adverse impact on our business and financial results.
- We could incur losses due to impairment of long-lived assets, goodwill and intangible assets.
- We rely on computer and technology systems in our operations, and any material failure, inadequacy, interruption or security failure of those systems, including because of a cyber-attack, could harm our ability to effectively operate and grow our business and could adversely affect our financial results.
- The potential unauthorized access to customer information may violate privacy laws and could damage our business reputation, subject us to negative publicity, litigation and costs, and adversely affect our results of operations or business.
- Litigation, arbitration and government proceedings may adversely affect our business, financial condition and/or results of operations.
- Changes in laws and government regulations, or our failure to adequately estimate the impact of such changes, could increase our expenses, expose us to legal risks or otherwise adversely affect us.
- Our substantial indebtedness could adversely affect our financial condition, limit our ability to obtain additional financing, restrict our operations and make us more vulnerable to economic downturns and competitive pressures.
- The terms of the agreements governing our indebtedness may restrict our current and future operations, particularly our ability to respond to changes or to pursue our business strategies, and could adversely affect our capital resources, financial condition and liquidity.
- Our variable-rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.
- Our business or the value of our common stock could be negatively affected as a result of actions by shareholders.
- The price of our common stock is subject to market and other conditions and may be volatile.
- Certain provisions in our Articles of Incorporation and By-Laws could delay or discourage a change of control transaction that may be in a shareholder’s best interest.

We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

Moreover, new risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on our forward-looking statements.

We do not undertake to publicly update or revise any forward-looking statements after the date of this Form 10-Q, whether as a result of new information, future events, or otherwise.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, it is against our policy to disclose to them any material, nonpublic information or other confidential commercial information. Accordingly, shareholders should not assume that we agree with any statement or report issued by any securities analyst regardless of the content of the statement or report. Furthermore, we have a policy against confirming projections, forecasts or opinions issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

**Overview**

We are a leading operator of more than 16,200 retail discount stores and we conduct our operations in two reporting segments. Our Dollar Tree segment is the leading operator of discount variety stores offering merchandise predominantly at the fixed price of $1.25. Our Family Dollar segment operates general merchandise retail discount stores providing consumers with a selection of competitively-priced merchandise in convenient neighborhood stores.

Our net sales are derived from the sale of merchandise. Two major factors tend to affect our net sales trends. First is our success at opening new stores. Second is the performance of stores once they are open. Sales vary at our existing stores from one year to the next. We refer to this as a change in comparable store net sales, because we include only those stores that are open throughout both of the periods being compared, beginning after the first fifteen months of operation. We include sales from stores expanded or remodeled during the period in the calculation of comparable store net sales, which has the effect of increasing our comparable store net sales. The term ‘expanded’ also includes stores that are relocated. Stores that have been re-bannered are considered to be new stores and are not included in the calculation of the comparable store net sales change until after the first fifteen months of operation under the new brand.

At October 29, 2022, we operated stores in 48 states and the District of Columbia, as well as stores in five Canadian provinces. A breakdown of store counts and square footage by segment for the 39 weeks ended October 29, 2022 and October 30, 2021 is as follows:

| | 39 Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | October 29, 2022 | | | October 30, 2021 | | |
| | Dollar Tree | Family Dollar | Total | Dollar Tree | Family Dollar | Total |
| **Store Count:** | | | | | | |
| Beginning | 8,061 | 8,016 | 16,077 | 7,805 | 7,880 | 15,685 |
| New stores | 97 | 244 | 341 | 214 | 148 | 362 |
| Re-bannered stores | (5) | 8 | 3 | (1) | (1) | (2) |
| Closings | (39) | (89) | (128) | (34) | (45) | (79) |
| Ending | 8,114 | 8,179 | 16,293 | 7,984 | 7,982 | 15,966 |
| Relocations | 21 | 61 | 82 | 45 | 55 | 100 |
| | | | | | | |
| **Selling Square Feet (in millions):** | | | | | | |
| Beginning | 69.7 | 59.2 | 128.9 | 67.4 | 57.7 | 125.1 |
| New stores | 0.8 | 2.2 | 3.0 | 1.9 | 1.3 | 3.2 |
| Re-bannered stores | — | 0.1 | 0.1 | — | — | — |
| Closings | (0.3) | (0.6) | (0.9) | (0.3) | (0.3) | (0.6) |
| Relocations | 0.1 | 0.2 | 0.3 | 0.1 | 0.1 | 0.2 |
| Ending | 70.3 | 61.1 | 131.4 | 69.1 | 58.8 | 127.9 |

Stores are included as re-banners when they close or open, respectively.

The average size of stores opened during the 39 weeks ended October 29, 2022 was approximately 8,590 selling square feet for the Dollar Tree segment and 8,970 selling square feet for the Family Dollar segment. We believe that these size stores are in the ranges of our optimal sizes operationally and give our customers a shopping environment which invites them to shop longer, buy more and make return visits.

The percentage change in comparable store net sales on a constant currency basis for the 13 and 39 weeks ended October 29, 2022, as compared with the preceding year, is as follows:

| | 13 Weeks Ended October 29, 2022 | | | 39 Weeks Ended October 29, 2022 | | |
|---|---|---|---|---|---|---|
| | Sales Growth | Change in Customer Traffic | Change in Average Ticket | Sales Growth | Change in Customer Traffic | Change in Average Ticket |
| Consolidated | 6.5 % | (3.2) % | 10.0 % | 5.4 % | (3.5) % | 9.2 % |
| Dollar Tree Segment | 8.6 % | (5.2) % | 14.6 % | 9.2 % | (4.9) % | 14.8 % |
| Family Dollar Segment | 4.1 % | 0.1 % | 4.1 % | 1.2 % | (1.5) % | 2.7 % |

Constant currency basis refers to the calculation excluding the impact of currency exchange rate fluctuations. We calculated the constant currency basis change by translating the current year's comparable store net sales in Canada using the prior year's currency exchange rates. We believe that the constant currency basis provides a more accurate measure of comparable store net sales performance. Comparable store net sales are positively affected by our expanded and relocated stores, which we include in the calculation, and are negatively affected when we open new stores, re-banner stores or expand stores near existing stores.

**Dollar Tree Initiatives**

In September 2021, we announced our new $1.25 price point initiative and we completed the rollout of this initiative to all Dollar Tree stores during the first quarter of fiscal 2022, increasing the price point on a majority of our $1 merchandise to $1.25. To date, the increase in the price point has more than offset the decline in the number of units sold. During fiscal 2022, we have begun investing in new products and modifying existing products to provide greater value for our customers and increase customer traffic and store productivity. While we expect our gross margin to be higher in the fourth quarter of fiscal 2022 compared with the fourth quarter of fiscal 2021, because of the investments in new products, we do not expect the increase to be as high as it was in the first three quarters of fiscal 2022.

We are also continuing to implement our Dollar Tree *Plus* initiative which introduces products priced at the $3 and $5 price points and provides our customers with extraordinary value in discretionary categories. As of October 29, 2022, we have approximately 2,350 Dollar Tree *Plus* stores.

We began testing the Instacart online delivery service at Dollar Tree stores in the third quarter of fiscal 2021 and began rolling it out in the fourth quarter of fiscal 2021. As of October 29, 2022, the Instacart platform covers more than 7,500 Dollar Tree stores. This enables our customers to shop online and receive same-day delivery without having to visit a store.

We believe that our Dollar Tree initiatives have and will continue to positively affect our comparable store net sales and earnings.

**Family Dollar Initiatives**

We are executing several initiatives in our Family Dollar stores to increase sales. In March 2021, we announced the development of a new combination store format, which we refer to as a Combo Store, that leverages the strengths of the Dollar Tree and Family Dollar brands under one roof to serve small towns across the country. We are taking Family Dollar's great value and assortment and blending in select Dollar Tree merchandise categories, creating a new store format targeted for small towns and rural communities with populations of 3,000 to 4,000 residents. As of October 29, 2022, we operated approximately 700 Combo Stores.

We are also continuing to execute our store optimization programs. Our H2 stores have significantly improved merchandise offerings throughout the store, including the addition of Dollar Tree $1.25 merchandise items and establishing a minimum number of freezer and cooler doors. These stores have higher customer traffic and provide a higher average comparable store net sales lift, when compared to non-renovated stores, in the first year following renovation. H2 stores perform well in a variety of locations and especially in locations where our Family Dollar stores have been most challenged in the past. As of October 29, 2022, we have approximately 4,300 H2 stores.

Based on the success of the Combo Store and H2 store formats, in fiscal 2022 we anticipate adding 400 new or relocated Combo Stores in total and completing a total of 700 renovations into either the Combo Store format or the H2 store format.

After a successful pilot program in 2020, we entered into a partnership with Instacart in February 2021, which covers more than 7,200 Family Dollar stores across the United States as of October 29, 2022.

In addition, we added adult beverage to more than 440 stores in the first three quarters of fiscal 2022. We believe the addition of adult beverage to our assortment will drive traffic to our stores. As of October 29, 2022, there were more than 3,180 stores selling adult beverage products.

**Additional Considerations**

The following trends or uncertainties have already impacted or could impact our business or results of operations during 2022 or in the future:

- *Anticipated Expense Pressures.* Our financial performance is impacted by numerous factors, including changes in consumer spending behavior and increased costs due to inflation. We are currently experiencing a material shift in consumer purchasing from higher-margin discretionary merchandise to lower-margin consumable goods which has negatively impacted our product mix and margins. We also are experiencing inflationary price pressures relating to, among other things, merchandise costs, freight costs, wages, utility costs, and repair and maintenance expenses. In addition, we continue to improve Family Dollar's value proposition and drive store traffic and productivity. We expect that the consumer's shift to lower-margin consumable goods and any inflation-related cost increases, coupled with our planned investments in product pricing and our value proposition, will continue to pressure gross margins in the fourth quarter of fiscal 2022.

- *Supply Chain and Inventory*. We rely heavily on Trans-Pacific shipping and domestic trucking and rail freight to acquire and distribute merchandise to our distribution centers and retail stores. Significant disruptions in our supply chain, such as the shipping delays resulting from the COVID-19 pandemic, have negatively impacted our sales and the cost and availability of product in the stores. Although we may continue to experience oceanic shipping delays in the future as a result of shipping capacity shortages, port congestion or closings, or the imposition of additional lockdowns in certain Chinese localities to address COVID-19 outbreaks, our ability to ship products from overseas on a timely basis has improved in the second and third quarters of fiscal 2022. In the third quarter, this improvement led to an increase in inventory levels that exceeded the storage capacity of some of our distribution centers. As a result, we arranged for temporary offsite warehouse storage facilities and incurred detention costs and incremental drayage costs that increased our cost of goods sold and is expected to do so for the fourth quarter. In addition, the union collective bargaining agreement that governs the wages and benefits of a large number of longshoremen at ports in California, Oregon, and Washington expired on July 1, 2022. If the parties are unable to agree on a new or extended collective bargaining agreement, there could be work slowdowns or strikes, diversions of shipments to other U.S. ports, or other disruptions in our supply chain which could cause delays or otherwise adversely affect the availability of merchandise and increase our costs. We could also experience higher markdowns as a result of these supply chain challenges. Sales could be negatively impacted if we are not able to deliver inventory timely to stock our stores.

- *Freight Costs*. We have experienced significantly higher international and domestic freight costs as a result of disruptions in the global supply chain. This trend, which accelerated in the second half of fiscal 2021, has continued during fiscal 2022. The combination of increased demand and limited availability of Trans-Pacific shipping capacity caused spot market prices to increase substantially. Although Trans-Pacific shipping continues to be pressured, spot market prices have moderated recently as availability of containers and shipping capacity has improved. Domestically, diesel fuel prices are and are expected to remain significantly higher in fiscal 2022 and may increase further because of international tensions. We are a large importer of merchandise from Asia and rely heavily on domestic freight to transport goods to our distribution centers and stores, which makes us particularly sensitive to freight costs. Due to these trends, in the first three quarters of fiscal 2022, import and domestic freight costs were higher compared to the first three quarters of fiscal 2021.

- *Labor Shortage and Wage Increases.* We are experiencing a shortage of associates and applicants to fill staffing requirements at our stores and distribution centers due to the current labor shortage affecting businesses. This has adversely affected our stores operations, the operating efficiency of our distribution centers and our ability to transport merchandise from our distribution centers to our stores. The steps we have taken to address the labor shortage include hosting national hiring events, offering enhanced wages in select competitive markets, and paying tuition reimbursement. In 2022, the minimum wage has increased in certain States and localities, and proposals to increase the federal minimum wage have been introduced in Congress. Minimum wage increases in States and localities and wage investments in certain markets are expected to increase our costs by more than $195.0 million in 2022.

- *Build-out and* Construction *Costs and Delays.* We have experienced higher commodity and other costs associated with the build-out of new stores and the renovation of existing stores. In addition, we have experienced delays in new store openings due to limitations on the availability of certain fixtures and equipment and inspection, permitting and contractor delays. We anticipate these increased costs and delays may continue for the foreseeable future. Sales will be negatively impacted if we are not able to complete these projects on time.

- *Impact of COVID-19.* The future course of the COVID-19 pandemic, the timing and impact of any governmental responses to future outbreaks and the effectiveness of health measures such as vaccines remains uncertain. As a result, it is challenging for us to predict the future impact of COVID-19 on our business, financial results, customers, suppliers and the broader economies in the locations that we operate as well as the future impact on our supply chain and the global supply chain.
- *West Memphis Distribution Center.* On February 11, 2022, the Food and Drug Administration issued Form 483 observations primarily regarding rodent infestation at our West Memphis, Arkansas distribution center ("DC 202"), as well as other items that require remediation. During fiscal 2022, we have incurred costs related to the product recall, remediation efforts and asset impairment. We expect to incur additional costs in the fourth quarter of fiscal 2022 for freight, merchandise disposal, payroll and legal costs associated with the remediation.
- *Strategic Investments.* Building on our current initiatives, we are currently developing plans to make additional multi-year strategic investments across both banners to further position the company for long-term sustained growth. We anticipate that these investments will relate to four key areas of our business: our associates, our distribution center network and supply chain, our product pricing and value proposition, and our technology infrastructure. Within these areas, the focus of these investments is expected to be on associate wages, improved store execution, enhanced safety and working conditions, increased supply chain efficiencies, competitive pricing at Family Dollar, and enhancements to our systems infrastructure.

**Results of Operations**

Our results of operations and period-over-period changes are discussed in the following section. Note that gross profit margin is calculated as gross profit (i.e., net sales less cost of sales) divided by net sales. The selling, general and administrative expense rate and operating income margin are calculated by dividing the applicable amount by total revenue.

***Net Sales***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Net sales | $ 6,936.6 | $ 6,415.4 | 8.1 % | $ 20,602.0 | $ 19,232.4 | 7.1 % |
| Comparable store net sales change, on a constant currency basis | 6.5 % | 1.6 % | | 5.4 % | 0.4 % | |

The increase in net sales in the 13 weeks ended October 29, 2022 was a result of sales of $183.2 million at new stores and comparable store net sales increases in the Dollar Tree and Family Dollar segments.

Enterprise comparable store net sales increased 6.5% on a constant currency basis in the 13 weeks ended October 29, 2022, as a result of a 10.0% increase in average ticket, partially offset by a 3.2% decrease in customer traffic. Comparable store net sales increased the same 6.5% when including the impact of Canadian currency fluctuations. On a constant currency basis, comparable store net sales increased 8.6% in the Dollar Tree segment and increased 4.1% in the Family Dollar segment.

The increase in net sales in the 39 weeks ended October 29, 2022 was a result of sales of $547.5 million at new stores and comparable store net sales increases in the Dollar Tree and Family Dollar segments.

Enterprise comparable store net sales increased 5.4% on a constant currency basis in the 39 weeks ended October 29, 2022, as a result of a 9.2% increase in average ticket, partially offset by a 3.5% decrease in customer traffic. Comparable store net sales increased 5.3% when including the impact of Canadian currency fluctuations. On a constant currency basis, comparable store net sales increased 9.2% in the Dollar Tree segment and increased 1.2% in the Family Dollar segment.

***Gross Profit***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Gross profit | $ 2,071.5 | $ 1,763.7 | 17.5 % | $ 6,536.4 | $ 5,588.8 | 17.0 % |
| Gross profit margin | 29.9 % | 27.5 % | 2.4 % | 31.7 % | 29.1 % | 2.6 % |

The increase in gross profit margin in the 13 weeks ended October 29, 2022 was a result of the net of the following:

- Merchandise cost, which includes freight, decreased 285 basis points resulting primarily from higher initial mark-on and lower freight costs, partially offset by increased sales of lower margin consumable merchandise.
- Occupancy costs decreased 40 basis points due to leverage from the comparable store net sales increase.
- Distribution costs decreased 15 basis points due to leverage from the comparable store net sales increase and higher capitalized amounts due to increases in inventory levels partially offset by higher hourly wages.
- Markdown costs increased 50 basis points primarily due to higher promotional and clearance markdowns on the Family Dollar segment and higher dated product markdowns on the Dollar Tree segment.
- Shrink costs increased 60 basis points in the current year quarter resulting from unfavorable inventory results in relation to accruals.

The increase in gross profit margin in the 39 weeks ended October 29, 2022 was a result of the net of the following:

- Merchandise cost, which includes freight, decreased 300 basis points resulting primarily from higher initial mark-on, partially offset by higher freight costs and increased sales of lower margin consumable merchandise on the Family Dollar segment.
- Occupancy costs decreased 25 basis points due to leverage from the comparable store net sales increase.
- Distribution costs decreased 20 basis points due to leverage from the comparable store net sales increase and higher capitalized amounts resulting from increases in inventory levels, partially offset by higher hourly wages and higher maintenance and compliance costs in our distribution centers.
- Shrink costs increased 30 basis points in the current year resulting from unfavorable inventory results in relation to accruals.
- Markdown costs increased 45 basis points primarily due to higher promotional and clearance markdowns on the Family Dollar segment and higher clearance markdowns resulting from a move to a higher value assortment at the $1.25 price point on the Dollar Tree segment.

***Selling, General and Administrative Expenses***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Selling, general and administrative expenses | $ 1,693.5 | $ 1,455.5 | 16.4 % | $ 4,927.2 | $ 4,364.4 | 12.9 % |
| Selling, general and administrative expense rate | 24.4 % | 22.7 % | 1.7 % | 23.9 % | 22.7 % | 1.2 % |

The increase in the selling, general and administrative expense rate in the 13 weeks ended October 29, 2022 was the result of the following:

- Other selling, general and administrative expenses increased 75 basis points primarily due to higher legal fees and consulting fees as well as inflationary pressure across several expense categories. The prior year quarter also included a benefit associated with the settlement of a contractual dispute.
- Store facility costs increased 60 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates and higher utility costs.

- Payroll expenses increased 40 basis points primarily due to minimum wage increases and other investments in store payroll and higher stock and incentive compensation expenses, partially offset by leverage from the comparable store net sales increase.
- Depreciation and amortization expense was flat as capital expenditures related to store renovations and improvements were offset by leverage from the comparable store net sales increase.

The increase in the selling, general and administrative expense rate in the 39 weeks ended October 29, 2022 was the result of the following:

- Other selling, general and administrative expenses increased 65 basis points primarily due to higher legal fees, including costs related to the reconstitution of the Board of Directors, long-lived asset impairments at the Family Dollar West Memphis, Arkansas distribution center and inflationary pressure across several expense categories.
- Store facility costs increased 35 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates, higher utility costs and costs associated with the removal of product from certain Family Dollar stores in connection with the voluntary retail-level product recall.
- Payroll expenses increased 20 basis points primarily due to minimum wage increases and other investments in store payroll and higher stock and incentive compensation expenses, partially offset by leverage from the comparable store net sales increase.
- Depreciation and amortization expense increased 5 basis points primarily due to capital expenditures related to store renovations and improvements, partially offset by leverage from the comparable store net sales increase.

***Operating Income***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Operating income | $ 381.3 | $ 310.5 | 22.8 % | $ 1,618.2 | $ 1,232.6 | 31.3 % |
| Operating income margin | 5.5 % | 4.8 % | 0.7 % | 7.9 % | 6.4 % | 1.5 % |

Operating income margin increased to 5.5% for the 13 weeks ended October 29, 2022 compared to 4.8% for the same period last year resulting from the increase in gross profit margin, partially offset by the increase in the selling, general and administrative expense rate, as described above.

Operating income margin increased to 7.9% for the 39 weeks ended October 29, 2022 compared to 6.4% for the same period last year resulting from the increase in gross profit margin, partially offset by the increase in the selling, general and administrative expense rate, as described above.

***Interest Expense, Net***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Interest expense, net | $ 32.7 | $ 33.4 | (2.1) % | $ 97.3 | $ 99.4 | (2.1) % |

Interest expense, net decreased $0.7 million in the 13 weeks ended October 29, 2022 compared to the same period last year, resulting from higher interest income on investments and capitalized interest on capital expenditures, partially offset by interest expense on credit facility borrowings.

Interest expense, net decreased $2.1 million in the 39 weeks ended October 29, 2022 compared to the same period last year, resulting from higher interest income on investments and capitalized interest on capital expenditures, partially offset by interest expense on credit facility borrowings.

***Provision for Income Taxes***

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Provision for income taxes | $ 81.5 | $ 60.1 | 35.6 % | $ 357.4 | $ 259.3 | 37.8 % |
| Effective tax rate | 23.4 % | 21.7 % | 1.7 % | 23.5 % | 22.9 % | 0.6 % |

The effective tax rate was 23.4% for the 13 weeks ended October 29, 2022 compared to 21.7% for the comparable prior year period, resulting from higher net state taxes, higher non-deductible executive compensation and lower Work Opportunity Tax credits as a percentage of pre-tax income in the current year quarter.

The effective tax rate was 23.5% for the 39 weeks ended October 29, 2022 compared to 22.9% for the comparable prior year period. Higher state tax rates and lower Work Opportunity Tax credits as a percentage of pre-tax income in the current year were offset by higher tax deductions related to restricted stock vesting.

**Segment Information**

Our operating results for the Dollar Tree and Family Dollar segments and period-over-period changes are discussed in the following sections.

***Dollar Tree***

The following table summarizes the operating results of the Dollar Tree segment:

| | 13 Weeks Ended | | | 39 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | October 29, 2022 | October 30, 2021 | Percentage Change | October 29, 2022 | October 30, 2021 | Percentage Change |
| Net sales | $ 3,756.1 | $ 3,417.4 | 9.9 % | $ 11,109.0 | $ 10,003.0 | 11.1 % |
| Gross profit | $ 1,328.3 | $ 1,031.1 | 28.8 % | $ 4,197.9 | $ 3,207.1 | 30.9 % |
| Gross profit margin | 35.4 % | 30.2 % | 5.2 % | 37.8 % | 32.1 % | 5.7 % |
| Operating income | $ 499.7 | $ 290.5 | 72.0 % | $ 1,814.7 | $ 1,019.2 | 78.1 % |
| Operating income margin | 13.3 % | 8.5 % | 4.8 % | 16.3 % | 10.2 % | 6.1 % |

Net sales for the Dollar Tree segment increased $338.7 million, or 9.9%, for the 13 weeks ended October 29, 2022 compared to the same period last year. The increase was due to an increase in comparable store net sales of 8.6% and $81.8 million of new store sales. Average ticket increased 14.6% and customer traffic decreased 5.2%. The 13 weeks ended October 29, 2022 includes the impact of our $1.25 price point initiative which increased the selling price of the majority of our $1 merchandise to $1.25. The rollout of this initiative was completed during the first quarter of fiscal 2022. The increase in price point more than offset the decline in the number of units sold during the third quarter of fiscal 2022.

Net sales for the Dollar Tree segment increased $1,106.0 million, or 11.1%, for the 39 weeks ended October 29, 2022 compared to the same period last year. The increase was due to an increase in comparable store net sales of 9.2% and $284.7 million of new store sales. Average ticket increased 14.8% and customer traffic decreased 4.9%. The 39 weeks ended October 29, 2022 was impacted by our $1.25 price point initiative. The increase in price point more than offset the decline in the number of units sold during the first three quarters of fiscal 2022.

Gross profit margin for the Dollar Tree segment increased to 35.4% for the 13 weeks ended October 29, 2022 compared to 30.2% for the same period last year as a result of the net of the following:

- Merchandise cost, which includes freight, decreased 485 basis points primarily due to higher initial mark-on and lower freight costs, partially offset by higher sales of lower margin consumable merchandise.
- Occupancy costs decreased 60 basis points primarily due to leverage from the comparable store net sales increase.
- Distribution costs decreased 20 basis points due to leverage from the comparable store net sales increase and higher capitalized balances resulting from increases in inventory levels in the current year partially offset by higher hourly wages.

- Markdown costs increased 10 basis points resulting primarily from markdowns for clearance items as we move to a higher value assortment at the $1.25 price point.
- Shrink costs increased 35 basis points in the current year resulting from unfavorable inventory results in relation to accruals.

Gross profit margin for the Dollar Tree segment increased to 37.8% for the 39 weeks ended October 29, 2022 compared to 32.1% for the same period last year as a result of the net of the following:

- Merchandise cost, which includes freight, decreased 515 basis points primarily due to higher initial mark-on, partially offset by higher freight costs.
- Occupancy costs decreased 65 basis points primarily due to leverage from the comparable store net sales increase.
- Distribution costs decreased 30 basis points due to leverage from the comparable store net sales increase and higher capitalized balances resulting from increases in inventory levels partially offset by higher hourly wages.
- Markdown costs increased 15 basis points resulting primarily from markdowns for clearance items as we move to a higher value assortment at the $1.25 price point.
- Shrink costs increased 20 basis points in the current year resulting from unfavorable inventory results in relation to accruals.

Operating income margin for the Dollar Tree segment increased to 13.3% for the 13 weeks ended October 29, 2022 from 8.5% for the same period last year as a result of the gross profit margin increase noted above, partially offset by an increase in the selling, general and administrative expense rate. The selling, general and administrative expense rate increased to 22.1% in the 13 weeks ended October 29, 2022 compared to 21.7% for the same period last year as a result of the net of the following:

- Other selling, general and administrative expenses increased 65 basis points primarily due to the benefit in the prior year quarter associated with the settlement of a contractual dispute and the realization of certain tax credits as well as inflationary pressure across several expense categories in the current year quarter.
- Store facility costs increased 45 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates and higher utility costs.
- Depreciation and amortization expense was flat as capital expenditures related to store renovations and improvements were offset by leverage from the comparable store net sales increase.
- Payroll expenses decreased 70 basis points primarily due to leverage from the comparable store net sales increase, partially offset by minimum wage increases and other investments in store payroll.

Operating income margin for the Dollar Tree segment increased to 16.3% for the 39 weeks ended October 29, 2022 from 10.2% for the same period last year as a result of the gross profit margin increase noted above and a decrease in the selling, general and administrative expense rate. The selling, general and administrative expense rate decreased to 21.5% in the 39 weeks ended October 29, 2022 compared to 21.9% for the same period last year as a result of the net of the following:

- Payroll expenses decreased 85 basis points primarily due to leverage from the comparable store net sales increase, partially offset by minimum wage increases and other investments in store payroll.
- Depreciation and amortization expense decreased 5 basis points primarily due to leverage from the comparable store net sales increase, partially offset by capital expenditures related to store renovations and improvements.
- Store facility costs increased 10 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates, partially offset by leverage from the comparable store net sales increase.
- Other selling, general and administrative expenses increased 35 basis points primarily due to the benefit in the prior year associated with the settlement of a contractual dispute and the realization of certain tax credits as well as inflationary pressure across several expense categories in the current year.

***Family Dollar***

The following table summarizes the operating results of the Family Dollar segment:

| (dollars in millions) | 13 Weeks Ended October 29, 2022 | 13 Weeks Ended October 30, 2021 | Percentage Change | 39 Weeks Ended October 29, 2022 | 39 Weeks Ended October 30, 2021 | Percentage Change |
|---|---|---|---|---|---|---|
| Net sales | $ 3,180.5 | $ 2,998.0 | 6.1 % | $ 9,493.0 | $ 9,229.4 | 2.9 % |
| Gross profit | $ 743.2 | $ 732.6 | 1.4 % | $ 2,338.5 | $ 2,381.7 | (1.8) % |
| Gross profit margin | 23.4 % | 24.4 % | (1.0) % | 24.6 % | 25.8 % | (1.2) % |
| Operating income (loss) | $ (18.4) | $ 88.6 | (120.8) % | $ 126.1 | $ 456.3 | (72.4) % |
| Operating margin | (0.6)% | 3.0 % | (3.6) % | 1.3 % | 4.9 % | (3.6) % |

Net sales for the Family Dollar segment increased $182.5 million, or 6.1%, for the 13 weeks ended October 29, 2022 compared to the same period last year. The increase was due to a comparable store net sales increase of 4.1% and $101.4 million of new store sales. For the 13 weeks ended October 29, 2022, average ticket increased 4.1% and customer traffic increased 0.1%.

Net sales for the Family Dollar segment increased $263.6 million, or 2.9%, for the 39 weeks ended October 29, 2022 compared to the same period last year. The increase was due to a comparable store net sales increase of 1.2% and $262.8 million of new store sales. For the 39 weeks ended October 29, 2022, average ticket increased 2.7% and customer traffic declined 1.5%. Customers received significant government stimulus dollars in the prior year period. In addition, during the 13 weeks ended April 30, 2022, approximately 400 stores serviced by the West Memphis, Arkansas distribution center were temporarily closed in connection with the voluntary retail-level product recall. The Family Dollar comparable store net sales increased 1.7% when excluding the effect of the store closures.

Gross profit margin for the Family Dollar segment decreased to 23.4% for the 13 weeks ended October 29, 2022 compared to 24.4% for the same period last year. The decrease is due to the net of the following:

- Markdown costs increased 105 basis points primarily due to higher promotional and clearance markdowns.
- Shrink costs increased 85 basis points in the current year quarter resulting from unfavorable inventory results in relation to accruals.
- Distribution costs decreased 15 basis points primarily due to the leverage from the comparable store net sales increase and higher capitalized balances resulting from increases in inventory levels in the current year partially offset by higher hourly wages.
- Occupancy costs decreased 25 basis points primarily due to the leverage from the comparable store net sales increase.
- Merchandise cost, which includes freight, decreased 45 basis points primarily due to higher initial mark-on.

Gross profit margin for the Family Dollar segment decreased to 24.6% for the 39 weeks ended October 29, 2022 compared to 25.8% for the same period last year. The decrease is due to the net of the following:

- Markdown costs increased 85 basis points primarily due to higher promotional and clearance markdowns.
- Shrink costs increased 50 basis points in the current year resulting from unfavorable inventory results in relation to accruals.
- Occupancy costs increased 10 basis points primarily due to loss of leverage from the low comparable store net sales increase.
- Distribution costs decreased 10 basis points due to higher capitalized balances resulting from increases in inventory levels in the current year, partially offset by higher hourly wages and higher maintenance and compliance costs in our distribution centers.
- Merchandise cost, which includes freight, decreased 20 basis points primarily due to higher initial mark-on, partially offset by higher freight costs and higher sales of lower margin consumable merchandise.

Operating margin for the Family Dollar segment decreased to (0.6)% for the 13 weeks ended October 29, 2022 from 3.0% for the same period last year resulting from the gross profit margin decrease noted above and an increase in the selling, general and administrative expense rate. The selling, general and administrative expense rate increased to 24.0% in the 13 weeks ended October 29, 2022 compared to 21.4% for the same period last year as a result of the following:

- Payroll expenses increased 95 basis points primarily due to minimum wage increases and other investments in store payroll.
- Store facility costs increased 75 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates and higher utility costs.
- Other selling, general and administrative expenses increased 70 basis points primarily due to higher legal fees and inflationary pressure across several expense categories.
- Depreciation and amortization expense increased 5 basis points primarily due to capital expenditures related to store renovations and improvements, partially offset by leverage from the increase in comparable store net sales.

Operating margin for the Family Dollar segment decreased to 1.3% for the 39 weeks ended October 29, 2022 from 4.9% for the same period last year resulting from the gross profit margin decrease noted above and an increase in the selling, general and administrative expense rate. The selling, general and administrative expense rate increased to 23.3% in the 39 weeks ended October 29, 2022 compared to 20.9% for the same period last year as a result of the following:

- Payroll expenses increased 85 basis points primarily due to minimum wage increases and other investments in store payroll.
- Other selling, general and administrative expenses increased 70 basis points primarily due to long-lived asset impairments at the West Memphis, Arkansas distribution center, higher legal fees and inflationary pressure across several expense categories.
- Store facility costs increased 65 basis points primarily due to an increase in repairs and maintenance expenses as we focus on store conditions for our customers and associates, higher utility costs and costs associated with the removal of product from certain Family Dollar stores in connection with the voluntary retail-level product recall.
- Depreciation and amortization expense increased 25 basis points primarily due to capital expenditures related to store renovations and improvements.

**Liquidity and Capital Resources**

We invest capital to build and open new stores, expand and renovate existing stores, expand our distribution network and operate our existing stores. Our working capital requirements for existing stores are seasonal in nature and typically reach their peak in the months of September and October. Historically, we have satisfied our seasonal working capital requirements for existing stores and have funded our store opening and distribution network expansion programs from internally generated funds and borrowings under our credit facilities.

The following table compares cash flow-related information for the 39 weeks ended October 29, 2022 and October 30, 2021:

| | 39 Weeks Ended | |
|---|---|---|
| (in millions) | October 29, 2022 | October 30, 2021 |
| Net cash provided by (used in): | | |
| Operating activities | $ 734.1 | $ 1,018.7 |
| Investing activities | (925.9) | (746.3) |
| Financing activities | (337.8) | (981.6) |

Net cash provided by operating activities decreased $284.6 million primarily due to higher inventory levels and lower accounts payable, partially offset by higher current year earnings, net of non-cash items and higher accrued liability balances.

Net cash used in investing activities increased $179.6 million primarily due to higher capital expenditures in the current year.

Net cash used in financing activities decreased $643.8 million due to lower stock repurchases and net proceeds from borrowings under the Revolving Credit Facility in the current year.

At October 29, 2022, our long-term borrowings were $3.45 billion. Additionally, we had $350.0 million of loans outstanding under our $1.5 billion Revolving Credit Facility and $1.1 billion of availability, net of $44.3 million of outstanding standby letters of credit. We also have $425.0 million in trade letters of credit with various financial institutions, under which $178.0 million was committed to letters of credit issued for routine purchases of imported merchandise as of October 29, 2022.

We repurchased 4,613,696 and 9,156,898 shares of common stock on the open market during the 39 weeks ended October 29, 2022 and October 30, 2021, respectively, for $647.5 million and $950.0 million, respectively. At October 29, 2022, we had $1.85 billion remaining under our Board repurchase authorization.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes and diesel fuel cost changes. We may enter into interest rate or diesel fuel swaps to manage exposure to interest rate and diesel fuel price changes. We do not enter into derivative instruments for any purpose other than cash flow hedging and we do not hold derivative instruments for trading purposes.

**Interest Rate Risk**

Our exposure to interest rate risk relates to our Revolving Credit Facility, as borrowings under the Revolving Credit Facility bear interest at SOFR, reset periodically, plus 0.10%, plus 0.875% to 1.50% as determined by our credit ratings and leverage ratio. At October 29, 2022, we had $350.0 million of loans outstanding under the Revolving Credit Facility. A hypothetical increase of one percentage point on such borrowings would not materially affect our results of operations or cash flows.

**Item 4. Controls and Procedures.**

Our management has carried out, with the participation of our Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of October 29, 2022, our disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended October 29, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we are defendants in ordinary, routine litigation or proceedings incidental to our business, including allegations regarding:

- employment-related matters;
- infringement of intellectual property rights;
- personal injury/wrongful death claims;
- real estate matters;
- environmental and safety issues; and
- product safety matters, which may include regulatory matters.

In addition, we are currently defendants in national and state proceedings and responding to the regulatory matters described in Note 2 to our unaudited condensed consolidated financial statements. These include several putative class action and other complaints that have been filed against, as well as regulatory investigations of, Family Dollar related to issues associated with our West Memphis, Arkansas distribution center, and various litigation matters involving certain products manufactured by third parties and sold in our stores.

We will vigorously defend ourselves in these matters. We do not believe that any of these matters will, individually or in the aggregate, have a material effect on our business or financial condition. We cannot give assurance, however, that one or more of these matters will not have a material effect on our results of operations for the quarter or year in which they are reserved or resolved. Based on the information available, including the amount of time remaining before trial, the results of discovery and the judgment of internal and external counsel, we may be unable to express an opinion as to the outcome of those matters which are not close to being resolved and may be unable to estimate a loss or potential range of loss.

### Item 1A. Risk Factors.

There have been no material changes to the risk factors described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, other than as set forth in the discussion of certain items that have impacted or could impact our business or results of operations during 2022 or in the future as disclosed in the "Additional Considerations" section within "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table presents our share repurchase activity during the third quarter of 2022:

| Fiscal Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) |
|---|---|---|---|---|
| July 31, 2022 - August 27, 2022 | — | $ — | — | $ 2,250.0 |
| August 28, 2022 - October 1, 2022 | 2,859,200 | 139.04 | 2,859,200 | 1,852.5 |
| October 2, 2022 - October 29, 2022 | — | — | — | 1,852.5 |
| Total | 2,859,200 | $ 139.04 | 2,859,200 | $ 1,852.5 |

As of October 29, 2022, we had $1.85 billion remaining under our Board repurchase authorization.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

None.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

| Exhibit | | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | | Form | Exhibit | Filing Date | |
| 3.1 | | Amended and Restated Articles of Incorporation of Dollar Tree, Inc., effective October 14, 2022 | | | | X |
| 3.2 | | Amended and Restated By-Laws of Dollar Tree, Inc., effective July 1, 2022 | 8-K | 3.1 | 7/1/2022 | |
| 10.1 | * | Letter Agreement amending the Executive Agreement between Dollar Tree, Inc. and Kevin Wampler | | | | X |
| 31.1 | | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 31.2 | | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.1 | | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.2 | | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 101 | | The following financial statements from our Form 10-Q for the fiscal quarter ended October 29, 2022, formatted in Inline XBRL: (i) Condensed Consolidated Income Statements, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) Notes to Unaudited Condensed Consolidated Financial Statements | | | | X |
| 104 | | The cover page from our Form 10-Q for the fiscal quarter ended October 29, 2022, formatted in Inline XBRL and contained in Exhibit 101 | | | | X |

*Management contract or compensatory plan or arrangement

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**DOLLAR TREE, INC.**

Date: November 22, 2022

By: /s/ Jeffrey A. Davis
Jeffrey A. Davis
Chief Financial Officer
(principal financial officer)

# AMENDED AND RESTATED
# ARTICLES OF INCORPORATION OF
# DOLLAR TREE, INC.
(Effective October 14, 2022)

## ARTICLE I
## NAME

The name of the Corporation is DOLLAR TREE, INC.

## ARTICLE II
## PURPOSES AND POWERS

The purpose for which the Corporation is organized is to engage in any lawful business not required by the Virginia Stock Corporation Act to be stated in the Articles of Incorporation.

The Corporation shall have all of the corporate powers of any character which are not prohibited by law or required to be stated in the Articles of Incorporation.

## ARTICLE III
## CAPITAL STOCK

A. Authorized Shares. The aggregate number of shares that the Corporation shall have the authority to issue is Ten Million (10,000,000) shares of Preferred Stock, One Cent ($.01) par value per share, and Six Hundred Million (600,000,000) shares of Common Stock, One Cent ($.01) par value per share.

B. Preferred and Common Stock. The designations, preferences, voting powers and relative, participating, optional other special rights of the Preferred Stock and the Common Stock, and the qualifications, limitations and restrictions of such preferences and rights, shall be in accordance with Sections B(1) through B(6) of this Article III.

1. Issuance of Preferred Stock. The Preferred Stock may be issued from time to time, in one or more series, each of which series shall be designated by such appropriate designations as may be stated in such amendment or amendments to these Articles of Incorporation providing for the issuance of the stock of such series as may be adopted by the Board of Directors from time to time, a copy of which amendment or amendments shall have been filed with and made effective (without shareholder approval) by the State Corporation Commission of Virginia as required by law. Subject to the provisions hereof, all shares of any one series shall be alike in every particular and except for the relative rights and preferences as to which there may be variations between different series as set forth in this Article III, all shares of Preferred Stock shall be alike in every particular.

The Board of Directors shall have power and authority, subject to all the provisions of these Articles and of the Virginia Stock Corporation Act, to state and determine, in the amendment or amendments providing for the issue of each series of Preferred Stock, the number of shares of each such series authorized to be issued and the preferences and relative, participating, optional and other rights pertaining to each such series, and the qualifications, limitations or restrictions thereof, including, full power and authority to determine, as to the Preferred Stock of each such series (a) the rate of dividend, the time of payment, whether dividends shall be cumulative and if so, the dates from which dividends shall be cumulative, and the extent of participation rights, if any, (b) any right to vote with holders of shares of any other series or class and any right to vote as a class, either generally or as a condition to specified corporate action, and the number of votes, if any, to be exercised for each share, (c) the price at and the terms and conditions on which shares may be redeemed, (d) the amount payable upon shares in event of involuntary liquidation, (e) the amount payable upon shares in event of voluntary liquidation, (f) sinking fund provisions for the redemption or purchase of shares, (g) the terms and conditions on which shares may be converted if the shares of any series are issued with the privilege of conversion, and (h) any other designations, rights, preferences or limitations that are now or hereafter permitted by law and are not inconsistent with the provisions of this Section B(1).

2. Dividends. The holders of the Preferred Stock shall be entitled to receive dividends as and when declared by the Board of Directors out of funds legally available therefor. Dividends on the Preferred Stock of each series shall be at such rates or to such extent, payable in such manner, under such conditions and on such dates as shall be stated in the amendment to the Articles of Incorporation providing for the issuance of each such series of Preferred Stock. The holders of Common Stock shall be entitled to receive such dividends as may from time to time be declared by the Board of Directors out of funds legally available therefor, subject to the rights of the series of Preferred Stock outstanding from time to time. Dividends on Preferred Stock shall be in preference to dividends on Common Stock, unless otherwise determined by the Board in the amendment or amendments providing for an issue of Preferred Stock.

3. Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, there shall be paid to the holders of shares of Preferred Stock of each series the fixed amount per share payable in the event of liquidation, dissolution or winding up of the Corporation, stated in the amendment of the Articles of Incorporation providing for the issuance of each such series of Preferred Stock, plus the unpaid dividends accrued thereon, if such dividends be cumulative, before any sum shall be paid to, or any assets distributed among, the holders of the Common Stock, but the holders of the Preferred Stock shall be entitled to no further payment or distribution than as provided above. If amounts payable to holders of shares of Preferred Stock on liquidation, dissolution or winding up are not paid in full, the shares of Preferred Stock shall share in any distribution of assets (other than by way of dividends) on a basis determined by the Board in the amendment or amendments providing for the issue of each series of Preferred Stock, or, in the absence of such determination, the shares of Preferred Stock shall share ratably on a share for share basis in accordance with the sums which would be payable in such distribution if all sums payable were discharged in full. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Common Stock shall be entitled, in proportion to the number of shares of Common Stock so held, to payment or distribution of any assets remaining after all required payments to holders of Preferred Stock. A liquidation, dissolution or winding up of the Corporation, as such terms are used in this Section B(3), shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other corporation or corporations or a sale, lease or conveyance of all or part of its assets.

4. Redemption. The Preferred Stock of each series shall be subject to redemption if so provided, and at the prices, and upon the terms and conditions stated, in the amendment to the Articles of Incorporation providing for the issuance of each such series of Preferred Stock.

5. Voting. The holders of each series of the Preferred Stock shall have no voting power except as may be required by law, or as may be provided, and upon the terms and conditions stated, in the amendment to the Articles of Incorporation providing for the issuance of each such series of Preferred Stock. Except as set forth hereinabove, the entire and exclusive voting rights are vested in the holders of the Common Stock. Each holder of the Common Stock shall have one vote for each share held by him, and each holder of any series of Preferred Stock when and if entitled to vote shall also have such votes for each share held by him as provided in the amendment to the Articles of Incorporation providing for the issuance of each such series of Preferred Stock.

6. Pre-emptive Rights. No holder of any share of capital stock of the Corporation, whether now or hereafter authorized or outstanding, shall have any pre-emptive or preferential right to purchase or subscribe to purchase i) any shares of stock of any class of the Corporation or other security that the Corporation may determine to issue, whether share of stock or other security to be issued is now or hereafter authorized, ii) any warrants, rights or options to purchase any stock or other security , or iii) any obligation convertible into any such stock or other security or into warrants, rights or options to purchase any such stock or other security.

ARTICLE IV
DIRECTORS

The number of directors shall be fixed by the By-Laws. In the absence of such a provision in the By-Laws, the number of directors shall be nine. Until the 2011 annual meeting of stockholders, the directors shall by divided into three classes as nearly equal in number as possible, with directors of each class elected to hold office until the third succeeding annual meeting following the director's election and until a successor shall have been elected and qualified or until the director's prior death, resignation or removal. At each annual meeting of stockholders, successors to the directors whose terms shall then expire shall be elected to hold office. Without limiting the term of any director elected at or prior to the 2010 annual meeting of stockholders, directors elected to the Board of Directors after the 2010 annual meeting shall hold office until the first annual meeting of stockholders following the director's election and until a successor shall have been elected and qualified or until the director's prior death, resignation or removal. Vacancies resulting from an increase in the number of directors may be created and filled by action of the Board of Directors between annual meetings of stockholders. A director may be removed only if the number of votes cast to remove the director constitutes a majority of the votes entitled to be cast at an election of directors.

ARTICLE V
INDEMNIFICATION

A. Definitions. For purposes of this Article, the following definitions shall apply:

"Act" means the Virginia Stock Corporation Act, as it exists on the date hereof or is hereafter amended, or any successor or comparable provision of law if such Act is repealed.

"eligible person" means a person who is or was a director or officer of the Corporation, or while serving as such director or officer, is or was serving at the request of the Corporation as a director, trustee, partner or officer of another corporation, affiliated corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. A person shall be considered to be serving an employee benefit plan at the Corporation's request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan.

"expenses" includes, without limitation, counsel fees, expert witness fees, and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification.

"liability" means the obligation to pay a judgment, settlement, penalty, fine (including any excise tax assessed with respect to any employment benefit plan), or reasonable expenses incurred with respect to a proceeding.

"party" includes, without limitation, an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

"proceeding" means any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative and whether formal or informal.

B. Indemnification of Officers and Directors.

1. To the full extent that the Act permits the limitation or elimination of the liability of directors and officers, no director or officer of the Corporation made a party to any proceeding shall be liable to the Corporation or its stockholders for monetary damages arising out of any transaction, occurrence or course of conduct, whether occurring prior or subsequent to the effective date of this Article V.

2. To the full extent permitted by the Act, the Corporation shall indemnify any eligible person who was or is a party to any proceeding, including a proceeding brought by or in the right of the Corporation or brought by or on behalf of the stockholders of the Corporation, against any liability incurred by him in connection with such proceeding unless he engaged in willful misconduct or a knowing violation of the criminal law. To the same extent, the Board of Directors is hereby empowered, by a majority vote of a quorum of disinterested directors, to enter into a contract to indemnify any director or officer against liability and/or to advance or reimburse his expenses in respect to any proceedings arising from any act or omission, whether occurring before or after the execution of such contract.

3. The provisions of this Article V shall be applicable to all proceedings commenced after it becomes effective, arising from any act or omission, whether occurring before or after such effective date. No amendment or repeal of this Article V shall impair or otherwise diminish the rights provided under this Article V (including those created by contract) with respect to any act or omission occurring prior to such amendment or repeal. The Corporation shall promptly take all such actions and make all such determinations and authorizations as shall be necessary or appropriate to comply with its obligation to make any indemnity against liability, or to advance any expenses, under this Article V and shall promptly pay or reimburse all reasonable expenses, including attorneys' fees, incurred by any such director or officer in connection with such actions and determinations or proceedings of any kind arising therefrom.

4. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the director or officer did not meet any standard of conduct that is a prerequisite to the limitation or elimination of liability provided in Section B(1) of this Article V or to his entitlement to indemnification under Section B(2) of this Article V.

5. No indemnification under Section B(2) of this Article V (unless ordered by a court of law) shall be made by the Corporation without a determination in the specific case that indemnification is proper in the circumstances because the proposed indemnitee has met the standard of conduct that is a prerequisite to his entitlement to indemnification under Section B(2) of this Article V.

The determination shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding;

(b) If a quorum cannot be obtained under subsection (a) of this Section B(5), by majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

(c) By special legal counsel:

i) selected by the Board of Directors in the manner prescribed in subsection (a) of this Section B(5) or its committee in the manner prescribed in subsection (b) of this Section B(5); or

ii) if a quorum of the Board of Directors cannot be obtained under subsection (a) of this Section B(5) and a committee cannot be designated under subsection (b) of this Section B(5), selected by a majority vote of the full Board of Directors including directors who are parties; or

(d) By the stockholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding may not be voted on the determination.

Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is appropriate, except that if the determination is made by special legal counsel, such authorizations and evaluations shall be made by those entitled under subsection (c) of this Section B(5) to select counsel.

Notwithstanding the foregoing, in the event there has been a change in the composition of a majority of the Board of Directors after the date of the alleged act or omission with respect to which indemnification, an advance or reimbursement is claimed, any determination as to such indemnification, advance or reimbursement shall be made by special legal counsel agreed upon by the Board of Directors and the proposed indemnitee. If the Board of Directors and the proposed indemnitee are unable to agree upon such special legal counsel, the Board of Directors and the proposed indemnitee each shall select a nominee, and the nominees shall select such special legal counsel.

6. (a) The Corporation shall pay for or reimburse the reasonable expenses incurred by a director or officer (and may do so for a person referred to in Section B(7) of this Article V) who is a party to a proceeding in advance of final disposition of the proceeding or the making of any determination under Section B(2) of this Article V if the director, officer or person furnishes to the Corporation:

i) a written statement, executed personally, of his good faith belief that he has met the standard of conduct that is a prerequisite to his entitlement to indemnification under Section B(2) of this Article V; and

ii) a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet such standard of conduct.

(b) The undertaking required by paragraph (ii) of subsection (a) of this Section B(6) shall be an unlimited general obligation but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) Authorizations of payments under this Section B(6) shall be made by the persons specified in Section B(5) of this Article V.

7. The Board of Directors is hereby empowered, by majority vote of a quorum consisting of disinterested directors, to cause the Corporation to indemnify or contract to indemnify any person not specified in Section B(2) of this Article V who was, is or may become a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to the same or a lesser extent as if such person were specified as one to whom indemnification is granted in Section B(2) of this Article V. The provisions of Sections B(3) through B(6) of this Article V shall be applicable to any indemnification provided pursuant to this Section B(7).

8. The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article V and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by him in any such capacity or arising from his status as such, whether or not the Corporation would have power to indemnify him against such liability under the provisions of this Article V.

9. Every reference herein to directors, officers, employees or agents shall include former directors, officers, employees and agents and their respective heirs, executors and administrators. The indemnification hereby provided and provided hereafter pursuant to the power hereby conferred by this Article V on the Board of Directors shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by the Corporation or others, with respect to claims, issues or matters in relation to which the Corporation would not have the power to indemnify such person under the provisions of this Article V. Nothing herein shall prevent or restrict the power of the Corporation to make or provide for any further indemnity, or provisions for determining entitlement to indemnity, or provisions for indemnification agreements, By-Laws, or other arrangements (including, without limitation, creation of trust funds or security interests funded by letters of credit or other means) approved by the Board of Directors (whether or not any of the directors of the Corporation shall be a party to or beneficiary of any such agreements, By-Laws or arrangements); provided, however, that any provision of such agreements, By-Laws or other arrangements shall not be effective if and to the extent that it is determined to be contrary to this Article V or applicable laws of the Commonwealth of Virginia, but other provisions of any such agreements, By-Laws or other arrangements shall not be affected by any such determination.

10. Each provision of this Article V shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any other provision.

## ARTICLE VI
## AMENDMENTS

Adoption of any amendment to the Articles of Incorporation requires, of each voting group entitled to vote thereon, approval of the amendment by a majority of a quorum of the voting group. Nothing in this Article VI shall be construed to require shareholder approval of an amendment or amendments to these Articles of Incorporation providing for the issuance of any series of Preferred Stock in accordance with Article III(B) of these Articles of Incorporation.

## ARTICLE VII
## MISCELLANEOUS

A. The Corporation elects not to be governed by Article 14 of the Act, entitled "Affiliated Transactions."

B. The Corporation elects not to be governed by Article 14.1 of the Act, entitled "Control Share Acquisitions," and such Article shall not apply to acquisitions of shares of the Corporation.

C. Where approval of any voting group of the corporation's shareholders is required under the Act for the following actions, approval shall require the affirmative vote of a majority of the shares entitled to be cast thereon by that voting group: (1) the approval by the shareholders of a plan of merger or share exchange; (2) the approval by the shareholders of a sale, lease, exchange or other disposition of the corporation's assets, other than a disposition described in § 13.1-723 of the Act or any successor statute, if the disposition would leave the corporation without a "significant continuing business activity," as described by the Act; (3) the approval by the shareholders of a plan of domestication; (4) the approval by the shareholders of a plan of entity conversion; or (5) the approval by the shareholders of a proposal for dissolution of the corporation.

## ARTICLE VIII
## MEETINGS OF STOCKHOLDERS

A. Right to Call Special Meetings. Except as otherwise required by law, special meetings of the stockholders of the Corporation for any purpose or purposes: (i) may be called at any time only by or at the direction of the Board of Directors acting pursuant to a resolution adopted by a majority of the entire Board of Directors, or by the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors or the Chief Executive Officer of the Corporation; and (ii) shall be called by the Chairman or the Secretary of the Corporation upon the written request of one or more stockholders that own, or who are acting on behalf of persons who own, shares representing fifteen percent (15%) or more of the voting power of the then outstanding shares of Common Stock entitled to vote on the matter or matters to be brought before the proposed special meeting, which written request shall state the purpose or purposes for which the special meeting is to be called. Except as provided for in the immediately preceding sentence or in the terms of any series of Preferred Stock, special meetings of the stockholders of the Corporation may not be called by any other person or persons.

B. Purpose of Special Meeting. Any business that could be considered at an annual meeting of the stockholders may be considered at a special meeting of the stockholders, including the election and/or removal of any director or directors of the Corporation. The Corporation's notice of special meeting shall specify the purpose or purposes for which the special meeting is called, and all business transacted at any special meeting shall be confined to the purpose or purposes stated in the Corporation's notice of special meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting in the manner set forth in the By-Laws.

C. Record Date; Notice of Special Meeting. Upon request in writing sent by registered mail to the Chairman or to the Secretary by any stockholder or stockholders entitled to call a special meeting of the stockholders pursuant to this Article VIII, the Board of Directors shall determine a place and time for such meeting, and shall hold such meeting and shall set a record date for the determination of stockholders entitled to vote at such meeting in the manner set forth in the By-Laws. Following receipt of such request, it shall be the duty of the Secretary of the Corporation to cause notice to be given to the stockholders entitled to vote at such meeting, in the manner set forth in the By-Laws.

August 22, 2022

Dear Kevin,

This letter agreement (this "Letter Agreement") is to confirm our mutual understanding and agreement concerning your transition from the position of Chief Financial Officer and to provide for an amendment to the terms of the Executive Agreement (the "Executive Agreement"), dated effective as of January 18, 2019, and amended as of March 4, 2022, by and between you and Dollar Tree, Inc. and each of its subsidiaries (collectively, the "Company").

In connection with such transition, we have agreed upon an executive transition process whereby (i) a successor Chief Financial Officer will be selected and hired by the Company, (ii) you will continue in your current role until such successor begins serving (the "Transition Date"), and (iii) you will continue as an employee of the Company following the Transition Date until your separation from the Company on or about April 30, 2023 ("Separation Date"), during which time you will provide such transition or other duties as requested by the Company. During the transition period from the date of this Letter Agreement until your Separation Date, your current base salary and other employee benefits shall remain in effect, and you will be entitled to receive any incentive cash bonus or equity payouts from existing programs and grants in April 2023 to the extent earned and payable in accordance with their terms. You will not be eligible to receive any new equity grants or participate in the annual cash bonus plan in fiscal 2023.

In addition, we have agreed to the following provisions which shall amend the terms and conditions set forth in the Executive Agreement:

1. Definitions. Unless otherwise defined in this Letter Agreement, capitalized terms used herein shall have the meanings assigned to them in the Executive Agreement.

2. Amendment to Section 4.a. Section 4.a of the Executive Agreement is hereby amended and restated as follows:

   a. Continued Base Salary (as defined herein) for a number of months following the Separation Date equal to (x) 24 *less* (y) the number of full months between the last day of your service as Chief Financial Officer of the Company (the "Transition Date") and the Separation Date, payable in equal installments in accordance with the Company's normal payroll practices, which payments shall commence on the next scheduled payroll date after the effective date of the Release ("Salary Continuation Period"). In the event Executive accepts an offer of employment or an offer to provide services in a consulting or other capacity during the Salary Continuation Period, Executive agrees to so inform the Company within three (3) business days, at which time Salary Continuation payments under this Section 4.a shall cease.

3. Amendment to Section 4.e. Clause (i) of Section 4.e of the Executive Agreement is hereby amended and restated as follows:

c. (i) failure to perform Executive's duties (other than any such failure resulting from Disability) as Chief Financial Officer or, following the Transition Date, as assigned to him by the Company from time to time;

4. Miscellaneous. This Letter Agreement constitutes an amendment of the Executive Agreement effective as of August 22, 2022. Except as otherwise provided herein, the Executive Agreement shall remain unaltered and of full force and effect.

*[Signature Page Follows]*

Please indicate your agreement with the foregoing terms of this Letter Agreement by signing where indicated below.

Sincerely,

DOLLAR TREE, INC., and its subsidiaries

/s/ Mike Witynski
By: Mike Witynski
Title: President & Chief Executive Officer

Acknowledged and Agreed:

/s/ Kevin Wampler
Name: Kevin Wampler

**Exhibit 31.1**

Chief Executive Officer Certification

I, Michael A. Witynski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2022

/s/ Michael A. Witynski

Michael A. Witynski
President and Chief Executive Officer

**Exhibit 31.2**

Chief Financial Officer Certification

I, Jeffrey A. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2022

/s/ Jeffrey A. Davis
Jeffrey A. Davis
Chief Financial Officer

**Exhibit 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Dollar Tree, Inc. (the Company) on Form 10-Q for the quarter ending October 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Michael A. Witynski, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) To my knowledge, the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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|---|---|
| November 22, 2022 | /s/ Michael A. Witynski |
| Date | Michael A. Witynski |
| | President and Chief Executive Officer |

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Dollar Tree, Inc. (the Company) on Form 10-Q for the quarter ending October 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jeffrey A. Davis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) To my knowledge, the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | |
|---|---|
| November 22, 2022 | /s/ Jeffrey A. Davis |
| Date | Jeffrey A. Davis |
| | Chief Financial Officer |

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.