SNAPSHOT REPORT

FIRST QUARTER SNAPSHOT

retailstat FINANCIAL

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# STRONG START, MARGINS UNDER PRESSURE

## ANALYST HIGHLIGHTS

- Dollar Tree 1Q comps rise 5.4% on +2.5% transaction volume and +2.8% average ticket
- Adjusted operating income rose modestly, though margin declined 80 bps
- On-track to complete Family Dollar sale in 2Q25
- Reiterated FY25 sales outlook, which assumes current tariff levels remain in place and includes mitigation plans to offset related margin pressure

Store Highlights

- Opened 148 stores, converted 500 to 3.0 format and closed 18 in 1Q
- Ended the quarter with 9,016 Dollar Tree stores, including approximately 3,500 in the 3.0 multi-price format (3,000 conversions and 500 new stores)

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## 1Q25 RESULTS

Dollar Tree reported a strong start to FY25, with 1Q sales of $4.6 billion and comps up 5.4%, both coming in just above the high end of guidance. Performance was driven by a 2.5% increase in traffic and a 2.8% increase in average ticket. Both consumables (+6.4%) and discretionary (+4.6%) categories contributed, with discretionary posting its strongest gains since 4Q22. Gross margin improved modestly, but higher operating expenses, including store investments and payroll, more than offset those gains. Adjusted operating income rose 1.4%, but margin declined 80 bps. The Company ended the quarter with 9,016 stores after opening 148 new locations and closing 18. Approximately 500 conversions to its multi-price 3.0 format were completed during the quarter (3,500 total in 3.0 format as of 1Q25). Management highlighted a 150 bps comp lift in 3.0 stores relative to legacy formats.

The Company generated $130 million of free cash flow, down from last year, due to lower operating cash flow and continued elevated capex to support store conversions and infrastructure investments. The decline in operating cash flow was driven in part by a significant swing in accounts payable. The Company ended the quarter with $1 billion in cash and no revolver borrowings. It repurchased approximately $437 million of shares in the quarter and bought back an additional $68 million post-quarter. After quarter-end, on May 15, 2025, management used a combination of available cash and commercial paper to redeem its $1 billion 4% senior notes. As of June 2, 2025, the Company had $550 million of commercial paper outstanding. Dollar Tree reiterated FY25 sales guidance and lifted adjusted EPS guidance. The outlook assumes current tariff levels remain in place, with mitigation efforts expected to offset related margin pressure. While 2Q EPS is expected to decline 45% to 50% YOY due to the timing of TSA reimbursements and broader input cost pressures, including tariffs, management reaffirmed expectations for a reacceleration in 2H25.

## MANAGEMENT COMMENT

CEO Mike Creedon commented, "Our strong first quarter performance underscores the progress we've made against our strategic priorities and is a clear signal that our customers are responding positively to the changes we are making. History has shown that we have the resilience to emerge stronger from periods of economic uncertainty and in today's rapidly evolving environment, we see a meaningful opportunity to further elevate the value, convenience, and discovery that our customers depend on Dollar Tree to provide."

## FINANCIAL SNAPSHOT
( U.S. Dollar In Millions )

| | 3 Months Ended | | |
|---|---|---|---|
| | 05/03/25 | 05/04/24 | % Change |
| Sales (1) | $ 4,639.7 | $ 4,168.9 | 11.3% |
| Store Count (1) | 9,016 | 8,520 | 5.8% |
| Comps (1) | 5.4% | 1.7% | |
| Operating Income (1) ( 2) | $ 387.8 | $ 382.6 | 1.4% |
| Operating Margin (1) | 8.4% | 9.2% | -0.8% |
| Cash (1) | $ 1,007.4 | $ 618.5 | 62.9% |
| Total Debt (1) | $ 3,428.8 | $ 3,427.5 | 0.0% |
| Net Debt (Cash) (1) | $ 2,421.4 | $ 2,809.0 | -13.8% |

(1) Represents Dollar Tree banner only.
(2) Company-provided operating income.

## STORE ACTIVITY

| | 13 Weeks Ended | |
|---|---|---|
| | May 3, 2025 | May 4, 2024 |
| **Store Count:** | | |
| Beginning | 8,881 | 8,415 |
| New stores | 148 | 116 |
| Stores converted from Family Dollar (a) | 5 | 5 |
| Closings | (18) | (16) |
| Ending | 9,016 | 8,520 |
| Selling Square Footage (in millions) | 79.6 | 74.1 |
| Growth Rate (Square Footage) | 7.4 % | 4.8 % |

| | 52 Weeks Ended | |
|---|---|---|
| | May 3, 2025 | May 4, 2024 |
| **Sales per Square Foot (b)** | $ 235 | $ 235 |

## GUIDANCE

Dollar Tree provided the following guidance for 2Q25 and FY25 outlook:
2Q25

- Comps growth at the higher end of the range of 3% to 5%

FY25

- Sales of $18.50 to 19.10 billion, up from $17.58 billion in FY24
- Comps growth in the range of 3% to 5%, up from 1.8% in FY24

## ANALYTICAL SUPPORT

For questions or analytical support, please contact Taylor Ricketts at 800-789-0123 Ext. 139 or taylorr@fdreports.com

## BUSINESS DESCRIPTION

Dollar Tree is an operator of discount variety stores. The Company operates roughly 8,900 locations, with an a verage store size of approximately 8,000 square feet.

## CONTACT INFORMATION

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www.dollartree.com

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Chesapeake, VA 23320

## KEY PERSONNEL

| | |
|---|---|
| Michael Creedon Jr. | CEO |
| Jeffrey Davis | CFO |

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