

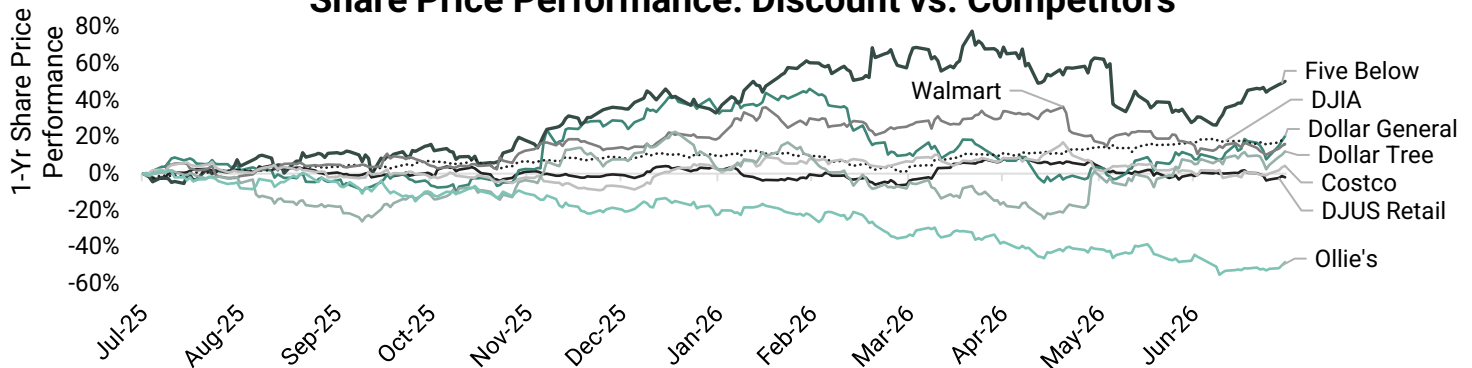
Discount Sector Spotlight

AUGUST 2026

DISCOUNT HOLDS THE LEAD, BUT COMPETITION IS INTENSIFYING...

Discount retailers continue to outperform the broader retail sector and major market indices, though Ollie's remains a notable laggard within the group.

Share Price Performance: Discount vs. Competitors

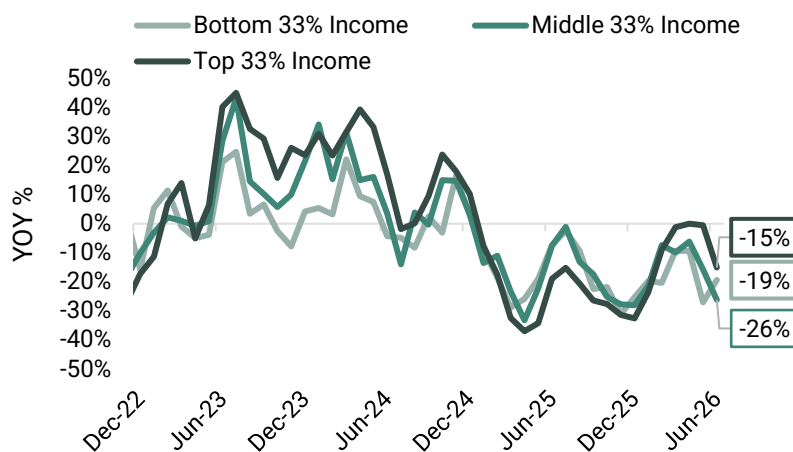


Source: S&P CapIQ

As consumers become more anxious, value-seeking behavior is increasing competition across the discount and superstore sectors.

Consumer sentiment continues to fall across all income tiers, converging into a shared level of concern not seen in recent years.

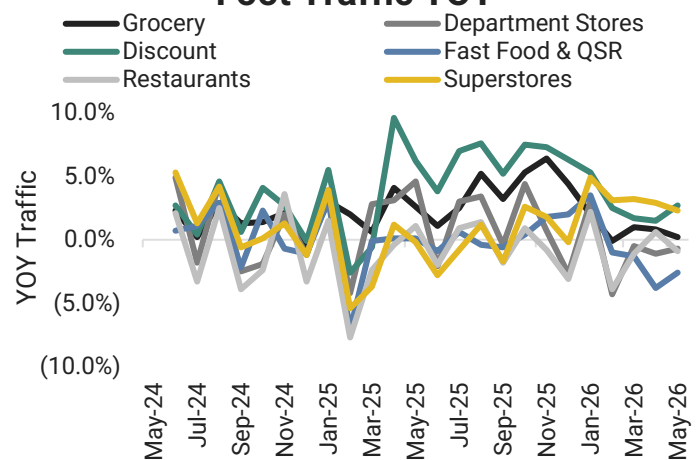
Consumer Sentiment YOY



Source: University of Michigan Surveys of Consumers

Discount's traffic advantage is narrowing as superstores post a noticeable acceleration in store visits — a meaningful gain given their already large scale.

Foot Traffic YOY



Source: Placer.ai. Superstores include Costco, Walmart, Target.

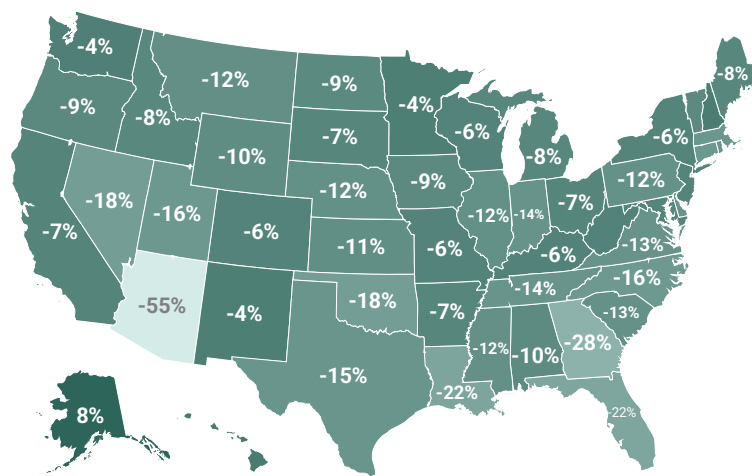
...AND A SHRINKING CORE CUSTOMER BASE DEMANDS EVEN SHARPER FOCUS ON PROFITABILITY

SNAP policy changes are now taking effect, eroding the discount sector's core, lower-income customer base at a time when that customer is already under financial pressure from fuel costs and broader inflation.

National SNAP participation is down by 12% or 5.3 million people since OBBBA, with state-level impact varying — some states seeing losses well above the national rate and others seeing little change.

YOY Change in SNAP Participation, April 2026

% Change, April 2026 vs April 2025
-54.8% 8.2%



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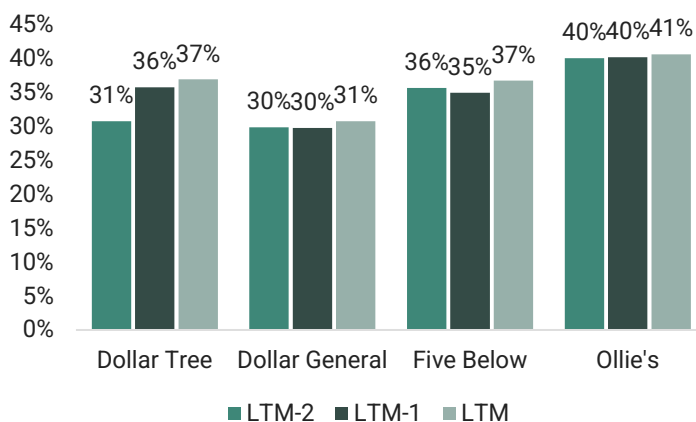
Source: USDA Food and Nutrition Service

As superstore competition intensifies and demand weakens from SNAP policy changes, profitability — not just momentum — will determine discount's winners and losers.

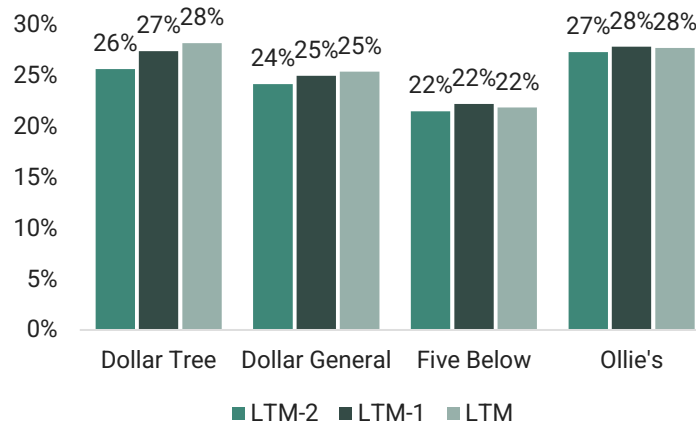
Despite strength in the sector, most players are only modestly growing gross margins — with exception of Dollar Tree.

Rising cost structures continue to offset margin gains for a majority of the discount sector.

Gross Margin



SG&A % Sales



Source: S&P CapIQ, Aug 2026

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