



## FOR IMMEDIATE RELEASE

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### Target Corporation Reports First Quarter Earnings

- *First quarter operating income margin rate of 5.3 percent reflects a 140 basis point improvement in gross margin rate as compared to the prior year.*
- *First quarter comparable sales declined 3.7 percent, in line with expectations.*
  - *Digital comparable sales grew 1.4 percent. Same-day services grew nearly 9 percent, led by more than 13 percent growth in Drive Up.*
  - *Sales declines, primarily in discretionary categories, were partially offset by continued growth in Beauty.*
  - *Discretionary sales trends continued to improve vs. prior quarters, led by an improvement of nearly 4 percentage points in apparel as compared to Q4 of 2023.*
- *The Company successfully relaunched its free-to-join Target Circle loyalty program in April, and welcomed more than 1 million new members to the platform in the first quarter.*
- *Inventory at the end of Q1 was 7 percent lower than last year, even as the Company saw higher in-stock levels than a year ago.*

*For additional media materials, please visit:*

<https://corporate.target.com/news-features/article/2024/05/q1-2024-earnings>

**MINNEAPOLIS (May 22, 2024)** – Target Corporation (NYSE: TGT) today announced its first quarter 2024 financial results, which reflected sales and profit performance consistent with the Company's previously provided expectations.

The Company reported first quarter GAAP and Adjusted earnings per share<sup>1</sup> (EPS) of \$2.03, compared with \$2.05 in 2023. The attached tables provide a reconciliation of non-GAAP to GAAP measures. All earnings per share figures refer to diluted EPS.

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<sup>1</sup>Adjusted EPS, a non-GAAP financial measure, excludes the impact of certain discretely managed items. See the tables of this release for additional information about the items that have been excluded from Adjusted EPS.

“Our first quarter financial performance was in line with our expectations on both the top and bottom line, tracking the trajectory we outlined for this year and setting up a return to growth in the second quarter,” said Brian Cornell, chair and chief executive of Target Corporation. “Our topline performance improved for the third consecutive quarter, with growth in our digital business led by strength in our same-day fulfillment services. Consumers continue to respond to the newness and value that we offer across our shopping experience, and we’re pleased with early results from the relaunch of Target Circle. Looking ahead, our team will deliver for our guests through lower prices, a seasonally relevant assortment, ease and convenience, as we keep investing in our strategy and efficiency initiatives to get back to growth and deliver on our longer-term financial goals.”

## **Guidance**

For the second quarter, the Company expects a 0 to 2 percent increase in its comparable sales, and GAAP and Adjusted EPS of \$1.95 to \$2.35.

For the full year, the Company continues to expect a 0 to 2 percent increase in its comparable sales, and GAAP and Adjusted EPS of \$8.60 to \$9.60.

## **Operating Results**

Comparable sales declined 3.7 percent in the first quarter, reflecting a comparable store sales decline of 4.8 percent partially offset by a comparable digital sales increase of 1.4 percent. Total revenue of \$24.5 billion was 3.1 percent lower than last year, reflecting a total sales decline of 3.2 percent and a 3.9 percent increase in other revenue. First quarter operating income of \$1.3 billion was 2.4 percent lower than last year, driven by lower sales volume.

First quarter operating income margin rate was 5.3 percent in 2024, compared with 5.2 percent in 2023. First quarter gross margin rate was 27.7 percent, compared with 26.3 percent in 2023, reflecting the net impact of merchandising activities, including cost improvements that more than offset higher promotional markdown rates, combined with favorable category mix and lower book to physical inventory adjustments as compared to the prior year. First quarter SG&A expense rate was 21.1 percent in 2024, compared with 19.8 percent in 2023, reflecting the combined impact of lower sales and higher costs, including continued investments in pay and benefits and marketing, partially offset by disciplined cost management.

### **Interest Expense and Taxes**

The Company's first quarter 2024 net interest expense was \$106 million, compared with \$147 million last year, primarily driven by an increase in interest income reflecting higher cash balances year-over-year.

First quarter 2024 effective income tax rate was 22.7 percent, compared with the prior year rate of 21.1 percent, reflecting lower discrete benefits as compared to the prior year.

### **Capital Deployment and Return on Invested Capital**

The Company paid dividends of \$508 million in the first quarter, compared with \$497 million last year, reflecting a 1.9 percent increase in the dividend per share.

The Company did not repurchase any stock in the first quarter. As of the end of the quarter, the Company had approximately \$9.7 billion of remaining capacity under the repurchase program approved by Target's Board of Directors in August 2021.

For the trailing twelve months through first quarter 2024, after-tax return on invested capital (ROIC) was 15.4 percent, compared with 11.4 percent for the trailing twelve months through first quarter 2023. The increase in ROIC reflects higher operating income, partially offset by higher average invested capital. The tables in this release provide additional information about the Company's ROIC calculation.

### **Webcast Details**

Target will webcast its first quarter earnings conference call at 7:00 a.m. CT today. Investors and the media are invited to listen to the meeting at [Corporate.Target.com/Investors](https://corporate.target.com/investors) (click on "Q1 2024 Target Corporation Earnings Conference Call" under "Events & Presentations"). A replay of the webcast will be provided when available. The replay number is 1-800-513-1169.

### **Miscellaneous**

Statements in this release regarding the Company's future financial performance, including its fiscal 2024 second quarter and full-year guidance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties which could cause the Company's results to differ materially. The most important risks and uncertainties are described in Item 1A of the Company's Form 10-K for the fiscal year ended February 3, 2024. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update any forward-looking statement.

### **About Target**

Minneapolis-based Target Corporation (NYSE: TGT) serves guests at nearly 2,000 stores and at [Target.com](https://target.com), with the purpose of helping all families discover the joy of everyday life. Since 1946, Target has given 5% of its profit to communities, which today equals millions of dollars a week. Additional company information can be found by visiting the corporate website ([corporate.target.com](https://corporate.target.com)) and press center.

## TARGET CORPORATION

## Consolidated Statements of Operations

| (millions, except per share data) (unaudited)                                       | Three Months Ended |                | Change |
|---|--------------------|----------------|--------|
|   | May 4, 2024        | April 29, 2023 |        |
| Sales   | \$ 24,143          | \$ 24,948      | (3.2)% |
| Other revenue   | 388                | 374            | 3.9    |
| Total revenue   | 24,531             | 25,322         | (3.1)  |
| Cost of sales   | 17,449             | 18,386         | (5.1)  |
| Selling, general and administrative expenses  | 5,168              | 5,025          | 2.8    |
| Depreciation and amortization (exclusive of depreciation included in cost of sales) | 618                | 583            | 6.2    |
| Operating income  | 1,296              | 1,328          | (2.4)  |
| Net interest expense  | 106                | 147            | (27.8) |
| Net other income  | (29)               | (23)           | 26.9   |
| Earnings before income taxes  | 1,219              | 1,204          | 1.3    |
| Provision for income taxes  | 277                | 254            | 9.0    |
| Net earnings  | \$ 942             | \$ 950         | (0.8)% |
| Basic earnings per share  | \$ 2.04            | \$ 2.06        | (1.0)% |
| Diluted earnings per share  | \$ 2.03            | \$ 2.05        | (1.0)% |
| Weighted average common shares outstanding  |                    |                |        |
| Basic   | 462.2              | 460.9          | 0.3 %  |
| Diluted   | 463.9              | 462.9          | 0.2 %  |
| Antidilutive shares   | 1.6                | 1.2            |        |
| Dividends declared per share  | \$ 1.10            | \$ 1.08        | 1.9 %  |

## TARGET CORPORATION

## Consolidated Statements of Financial Position

| (millions, except footnotes) (unaudited)               | May 4, 2024      | February 3, 2024 | April 29, 2023   |
|--|------------------|------------------|------------------|
| <b>Assets</b>  |                  |                  |                  |
| Cash and cash equivalents                              | \$ 3,604         | \$ 3,805         | \$ 1,321         |
| Inventory  | 11,730           | 11,886           | 12,616           |
| Other current assets                                   | 1,744            | 1,807            | 1,836            |
| Total current assets                                   | 17,078           | 17,498           | 15,773           |
| Property and equipment                                 |                  |                  |                  |
| Land   | 6,544            | 6,547            | 6,493            |
| Buildings and improvements                             | 37,587           | 37,066           | 35,198           |
| Fixtures and equipment                                 | 8,341            | 8,765            | 7,473            |
| Computer hardware and software                         | 3,265            | 3,428            | 3,067            |
| Construction-in-progress                               | 1,538            | 1,703            | 2,822            |
| Accumulated depreciation                               | (24,161)         | (24,413)         | (22,657)         |
| Property and equipment, net                            | 33,114           | 33,096           | 32,396           |
| Operating lease assets                                 | 3,486            | 3,362            | 2,640            |
| Other noncurrent assets                                | 1,439            | 1,400            | 1,341            |
| <b>Total assets</b>                                    | <b>\$ 55,117</b> | <b>\$ 55,356</b> | <b>\$ 52,150</b> |
| <b>Liabilities and shareholders' investment</b>        |                  |                  |                  |
| Accounts payable                                       | \$ 11,561        | \$ 12,098        | \$ 11,935        |
| Accrued and other current liabilities                  | 5,684            | 6,090            | 5,732            |
| Current portion of long-term debt and other borrowings | 2,614            | 1,116            | 200              |
| Total current liabilities                              | 19,859           | 19,304           | 17,867           |
| Long-term debt and other borrowings                    | 13,487           | 14,922           | 16,010           |
| Noncurrent operating lease liabilities                 | 3,392            | 3,279            | 2,621            |
| Deferred income taxes                                  | 2,543            | 2,480            | 2,289            |
| Other noncurrent liabilities                           | 1,996            | 1,939            | 1,758            |
| Total noncurrent liabilities                           | 21,418           | 22,620           | 22,678           |
| Shareholders' investment                               |                  |                  |                  |
| Common stock   | 39               | 38               | 38               |
| Additional paid-in capital                             | 6,747            | 6,761            | 6,541            |
| Retained earnings                                      | 7,519            | 7,093            | 5,448            |
| Accumulated other comprehensive loss                   | (465)            | (460)            | (422)            |
| Total shareholders' investment                         | 13,840           | 13,432           | 11,605           |
| <b>Total liabilities and shareholders' investment</b>  | <b>\$ 55,117</b> | <b>\$ 55,356</b> | <b>\$ 52,150</b> |

**Common Stock** Authorized 6,000,000,000 shares, \$0.0833 par value; 462,635,539, 461,675,441, and 461,552,843 shares issued and outstanding as of May 4, 2024, February 3, 2024, and April 29, 2023, respectively.

**Preferred Stock** Authorized 5,000,000 shares, \$0.01 par value; no shares were issued or outstanding during any period presented.

## TARGET CORPORATION

## Consolidated Statements of Cash Flows

| (millions) (unaudited)  | Three Months Ended |                 |
|---|--------------------|-----------------|
|   | May 4, 2024        | April 29, 2023  |
| <b>Operating activities</b>   |                    |                 |
| Net earnings  | \$ 942             | \$ 950          |
| Adjustments to reconcile net earnings to cash provided by operating activities: |                    |                 |
| Depreciation and amortization   | 718                | 667             |
| Share-based compensation expense  | 72                 | 43              |
| Deferred income taxes   | 64                 | 95              |
| Noncash (gains) / losses and other, net   | (31)               | (11)            |
| Changes in operating accounts:  |                    |                 |
| Inventory   | 156                | 883             |
| Other assets  | 43                 | 34              |
| Accounts payable  | (524)              | (1,463)         |
| Accrued and other liabilities   | (339)              | 67              |
| Cash provided by operating activities   | 1,101              | 1,265           |
| <b>Investing activities</b>   |                    |                 |
| Expenditures for property and equipment   | (674)              | (1,605)         |
| Proceeds from disposal of property and equipment                                | 1                  | 2               |
| Other investments   | 2                  | 1               |
| Cash required for investing activities  | (671)              | (1,602)         |
| <b>Financing activities</b>   |                    |                 |
| Change in commercial paper, net   | —                  | 90              |
| Reductions of long-term debt  | (32)               | (46)            |
| Dividends paid  | (508)              | (497)           |
| Shares withheld for taxes on share-based compensation                           | (91)               | (118)           |
| Cash required for financing activities  | (631)              | (571)           |
| Net decrease in cash and cash equivalents                                       | (201)              | (908)           |
| Cash and cash equivalents at beginning of period                                | 3,805              | 2,229           |
| <b>Cash and cash equivalents at end of period</b>                               | <b>\$ 3,604</b>    | <b>\$ 1,321</b> |

## TARGET CORPORATION

## Operating Results

| Rate Analysis<br>(unaudited)   | Three Months Ended |                |
|--|--------------------|----------------|
|  | May 4, 2024        | April 29, 2023 |
| Gross margin rate  | 27.7 %             | 26.3 %         |
| SG&A expense rate  | 21.1               | 19.8           |
| Depreciation and amortization expense rate (exclusive of depreciation included in cost of sales) | 2.5                | 2.3            |
| Operating income margin rate   | 5.3                | 5.2            |

Note: Gross margin rate is calculated as gross margin (sales less cost of sales) divided by sales. All other rates are calculated by dividing the applicable amount by total revenue. Other revenue includes \$142 million and \$174 million of profit-sharing income under our credit card program agreement for the three months ended May 4, 2024 and April 29, 2023, respectively.

| Comparable Sales<br>(unaudited)       | Three Months Ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | May 4, 2024        | April 29, 2023 |
| Comparable sales change               | (3.7)%             | 0.0 %          |
| Drivers of change in comparable sales |                    |                |
| Number of transactions (traffic)      | (1.9)              | 0.9            |
| Average transaction amount            | (1.9)              | (0.9)          |

| Comparable Sales by Channel<br>(unaudited)   | Three Months Ended |                |
|--|--------------------|----------------|
|  | May 4, 2024        | April 29, 2023 |
| Stores originated comparable sales change    | (4.8)%             | 0.7 %          |
| Digitally originated comparable sales change | 1.4                | (3.4)          |

| Sales by Channel<br>(unaudited) | Three Months Ended |                |
|---------------------------------|--------------------|----------------|
|                                 | May 4, 2024        | April 29, 2023 |
| Stores originated               | 81.7 %             | 82.5 %         |
| Digitally originated            | 18.3               | 17.5           |
| Total                           | 100 %              | 100 %          |

| Sales by Fulfillment Channel<br>(unaudited) | Three Months Ended |                |
|---|--------------------|----------------|
|   | May 4, 2024        | April 29, 2023 |
| Stores                                      | 97.7 %             | 97.2 %         |
| Other                                       | 2.3                | 2.8            |
| Total                                       | 100 %              | 100 %          |

Note: Sales fulfilled by stores include in-store purchases and digitally originated sales fulfilled by shipping merchandise from stores to guests, Order Pickup, Drive Up, and Shipt.

| Target Circle Card Penetration<br>(unaudited) | Three Months Ended |                |
|---|--------------------|----------------|
|   | May 4, 2024        | April 29, 2023 |
| Total Target Circle Card Penetration          | 18.0 %             | 19.0 %         |



| Number of Stores and Retail Square Feet<br>(unaudited) | Number of Stores |                     |                   | Retail Square Feet <sup>(a)</sup> |                     |                   |
|--|------------------|---------------------|-------------------|-----------------------------------|---------------------|-------------------|
|  | May 4,<br>2024   | February 3,<br>2024 | April 29,<br>2023 | May 4,<br>2024                    | February 3,<br>2024 | April 29,<br>2023 |
| 170,000 or more sq. ft.                                | 273              | 273                 | 274               | 48,824                            | 48,824              | 48,985            |
| 50,000 to 169,999 sq. ft.                              | 1,547            | 1,542               | 1,530             | 193,529                           | 192,908             | 191,543           |
| 49,999 or less sq. ft.                                 | 143              | 141                 | 150               | 4,301                             | 4,207               | 4,465             |
| <b>Total</b>   | <b>1,963</b>     | <b>1,956</b>        | <b>1,954</b>      | <b>246,654</b>                    | <b>245,939</b>      | <b>244,993</b>    |

<sup>(a)</sup> In thousands; reflects total square feet less office, supply chain facilities, and vacant space.

## TARGET CORPORATION

## Reconciliation of Non-GAAP Financial Measures

To provide additional transparency, we disclose non-GAAP adjusted diluted earnings per share (Adjusted EPS). When applicable, this metric excludes certain discretely managed items. We believe this information is useful in providing period-to-period comparisons of the results of our operations. This measure is not in accordance with, or an alternative to, U.S. GAAP. The most comparable GAAP measure is diluted earnings per share. Adjusted EPS should not be considered in isolation or as a substitution for analysis of our results as reported in accordance with GAAP. Other companies may calculate Adjusted EPS differently, limiting the usefulness of the measure for comparisons with other companies.

| Reconciliation of Non-GAAP<br>Adjusted EPS   | Three Months Ended |                |        |
|--|--------------------|----------------|--------|
|  | May 4, 2024        | April 29, 2023 | Change |
| GAAP and adjusted diluted earnings per share | \$ 2.03            | \$ 2.05        | (1.0)% |

| Reconciliation of Non-GAAP<br>Adjusted EPS Guidance<br>(per share) (unaudited) | Guidance        |                 |
|--|-----------------|-----------------|
|  | Q2 2024         | Full Year 2024  |
| GAAP diluted earnings per share guidance                                       | \$1.95 - \$2.35 | \$8.60 - \$9.60 |
| Estimated adjustments  |                 |                 |
| Other <sup>(a)</sup>   | \$ —            | \$ —            |
| Adjusted diluted earnings per share guidance                                   | \$1.95 - \$2.35 | \$8.60 - \$9.60 |

<sup>(a)</sup> Second quarter and full-year 2024 GAAP EPS may include the impact of certain discrete items, which will be excluded in calculating Adjusted EPS. The guidance does not currently reflect any such discrete items. In the past, these items have included losses on the early retirement of debt and certain other items that are discretely managed.

Earnings before interest expense and income taxes (EBIT) and earnings before interest expense, income taxes, depreciation and amortization (EBITDA) are non-GAAP financial measures. We believe these measures provide meaningful information about our operational efficiency compared with our competitors by excluding the impact of differences in tax jurisdictions and structures, debt levels, and, for EBITDA, capital investment. These measures are not in accordance with, or an alternative to, GAAP. The most comparable GAAP measure is net earnings. EBIT and EBITDA should not be considered in isolation or as a substitution for analysis of our results as reported in accordance with GAAP. Other companies may calculate EBIT and EBITDA differently, limiting the usefulness of the measures for comparisons with other companies.

| EBIT and EBITDA<br>(dollars in millions) (unaudited) | Three Months Ended |                |        |
|--|--------------------|----------------|--------|
|  | May 4, 2024        | April 29, 2023 | Change |
| Net earnings   | \$ 942             | \$ 950         | (0.8)% |
| + Provision for income taxes                         | 277                | 254            | 9.0    |
| + Net interest expense                               | 106                | 147            | (27.8) |
| EBIT   | \$ 1,325           | \$ 1,351       | (1.9)% |
| + Total depreciation and amortization <sup>(a)</sup> | 718                | 667            | 7.7    |
| EBITDA   | \$ 2,043           | \$ 2,018       | 1.3 %  |

<sup>(a)</sup> Represents total depreciation and amortization, including amounts classified within Depreciation and Amortization and within Cost of Sales.

We have also disclosed after-tax ROIC, which is a ratio based on GAAP information, with the exception of the add-back of operating lease interest to operating income. We believe this metric is useful in assessing the effectiveness of our capital allocation over time. Other companies may calculate ROIC differently, limiting the usefulness of the measure for comparisons with other companies.

### After-Tax Return on Invested Capital

(dollars in millions) (unaudited)

| <i>Numerator</i>                          | Trailing Twelve Months     |                 |
|---|----------------------------|-----------------|
|   | May 4, 2024 <sup>(a)</sup> | April 29, 2023  |
| Operating income                          | \$ 5,675                   | \$ 3,830        |
| + Net other income                        | 99                         | 57              |
| EBIT                                      | 5,774                      | 3,887           |
| + Operating lease interest <sup>(b)</sup> | 133                        | 96              |
| - Income taxes <sup>(c)</sup>             | 1,314                      | 770             |
| <b>Net operating profit after taxes</b>   | <b>\$ 4,593</b>            | <b>\$ 3,213</b> |

  

| <i>Denominator</i>                                     | May 4, 2024      | April 29, 2023   | April 30, 2022 |
|--|------------------|------------------|----------------|
| Current portion of long-term debt and other borrowings | \$ 2,614         | \$ 200           | \$ 1,089       |
| + Noncurrent portion of long-term debt                 | 13,487           | 16,010           | 13,379         |
| + Shareholders' investment                             | 13,840           | 11,605           | 10,774         |
| + Operating lease liabilities <sup>(d)</sup>           | 3,723            | 2,921            | 2,854          |
| - Cash and cash equivalents                            | 3,604            | 1,321            | 1,112          |
| Invested capital                                       | \$ 30,060        | \$ 29,415        | \$ 26,984      |
| <b>Average invested capital <sup>(e)</sup></b>         | <b>\$ 29,737</b> | <b>\$ 28,199</b> |                |

  

| <b>After-tax return on invested capital</b> | <b>15.4 %</b> | <b>11.4 %</b> |
|---|---------------|---------------|
|---|---------------|---------------|

<sup>(a)</sup> The trailing twelve months ended May 4, 2024, consisted of 53 weeks compared with 52 weeks in the prior-year period.

<sup>(b)</sup> Represents the add-back to operating income driven by the hypothetical interest expense we would incur if the property under our operating leases were owned or accounted for as finance leases. Calculated using the discount rate for each lease and recorded as a component of rent expense within SG&A. Operating lease interest is added back to Operating Income in the ROIC calculation to control for differences in capital structure between us and our competitors.

<sup>(c)</sup> Calculated using the effective tax rates, which were 22.2 percent and 19.3 percent for the trailing twelve months ended May 4, 2024, and April 29, 2023, respectively. For the twelve months ended May 4, 2024, and April 29, 2023, includes tax effect of \$1.3 billion and \$0.8 billion, respectively, related to EBIT, and \$30 million and \$18 million, respectively, related to operating lease interest.

<sup>(d)</sup> Total short-term and long-term operating lease liabilities included within Accrued and Other Current Liabilities and Noncurrent Operating Lease Liabilities, respectively.

<sup>(e)</sup> Average based on the invested capital at the end of the current period and the invested capital at the end of the comparable prior period.