

**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 April 30, 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 1-6049



TARGET CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-0215170

(I.R.S. Employer Identification No.)

1000 Nicollet Mall, Minneapolis, Minnesota

(Address of principal executive offices)

55403

(Zip Code)

Registrant's telephone number, including area code: 612-304-6073

Former name, former address and former fiscal year, if changed since last report: N/A

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common stock, par value \$0.0833 per share | TGT | New York Stock Exchange |

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, smaller reporting company, or an emerging growth company (as defined 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

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date. Total shares of common stock, par value \$0.0833, outstanding at May 20, 2022, were 463,696,413.

TARGET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations

| (millions, except per share data) (unaudited) | Three Months Ended | |
|---|--------------------|-----------------|
| | April 30, 2022 | May 1, 2021 |
| Sales | \$ 24,830 | \$ 23,879 |
| Other revenue | 340 | 318 |
| Total revenue | 25,170 | 24,197 |
| Cost of sales | 18,461 | 16,716 |
| Selling, general and administrative expenses | 4,762 | 4,509 |
| Depreciation and amortization (exclusive of depreciation included in cost of sales) | 601 | 598 |
| Operating income | 1,346 | 2,374 |
| Net interest expense | 112 | 108 |
| Net other (income) / expense | (15) | (343) |
| Earnings before income taxes | 1,249 | 2,609 |
| Provision for income taxes | 240 | 512 |
| Net earnings | \$ 1,009 | \$ 2,097 |
| Basic earnings per share | \$ 2.17 | \$ 4.20 |
| Diluted earnings per share | \$ 2.16 | \$ 4.17 |
| Weighted average common shares outstanding | | |
| Basic | 464.0 | 498.6 |
| Diluted | 467.8 | 503.4 |
| Antidilutive shares | — | — |

See accompanying [Notes to Consolidated Financial Statements](#).

Consolidated Statements of Comprehensive Income

| (millions) (unaudited) | Three Months Ended | |
|--|--------------------|-----------------|
| | April 30, 2022 | May 1, 2021 |
| Net earnings | \$ 1,009 | \$ 2,097 |
| Other comprehensive income, net of tax | | |
| Pension benefit liabilities | 11 | 22 |
| Cash flow hedges and currency translation adjustment | 190 | 9 |
| Other comprehensive income | 201 | 31 |
| Comprehensive income | \$ 1,210 | \$ 2,128 |

See accompanying [Notes to Consolidated Financial Statements](#).

Consolidated Statements of Financial Position

| (millions, except footnotes) (unaudited) | April 30, 2022 | January 29, 2022 | May 1, 2021 |
|--|-------------------|---------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,112 | \$ 5,911 | \$ 7,816 |
| Inventory | 15,083 | 13,902 | 10,539 |
| Other current assets | 1,758 | 1,760 | 1,576 |
| Total current assets | 17,953 | 21,573 | 19,931 |
| Property and equipment | | | |
| Land | 6,164 | 6,164 | 6,146 |
| Buildings and improvements | 33,300 | 32,985 | 31,710 |
| Fixtures and equipment | 6,459 | 6,407 | 5,496 |
| Computer hardware and software | 2,588 | 2,505 | 2,256 |
| Construction-in-progress | 1,444 | 1,257 | 973 |
| Accumulated depreciation | (21,285) | (21,137) | (19,777) |
| Property and equipment, net | 28,670 | 28,181 | 26,804 |
| Operating lease assets | 2,571 | 2,556 | 2,362 |
| Other noncurrent assets | 1,648 | 1,501 | 1,374 |
| Total assets | \$ 50,842 | \$ 53,811 | \$ 50,471 |
| Liabilities and shareholders' investment | | | |
| Accounts payable | \$ 14,053 | \$ 15,478 | \$ 11,637 |
| Accrued and other current liabilities | 5,582 | 6,098 | 5,788 |
| Current portion of long-term debt and other borrowings | 1,089 | 171 | 1,173 |
| Total current liabilities | 20,724 | 21,747 | 18,598 |
| Long-term debt and other borrowings | 13,379 | 13,549 | 11,509 |
| Noncurrent operating lease liabilities | 2,581 | 2,493 | 2,337 |
| Deferred income taxes | 1,752 | 1,566 | 1,169 |
| Other noncurrent liabilities | 1,632 | 1,629 | 1,899 |
| Total noncurrent liabilities | 19,344 | 19,237 | 16,914 |
| Shareholders' investment | | | |
| Common stock | 39 | 39 | 41 |
| Additional paid-in capital | 5,592 | 6,421 | 6,271 |
| Retained earnings | 5,495 | 6,920 | 9,372 |
| Accumulated other comprehensive loss | (352) | (553) | (725) |
| Total shareholders' investment | 10,774 | 12,827 | 14,959 |
| Total liabilities and shareholders' investment | \$ 50,842 | \$ 53,811 | \$ 50,471 |

Common Stock Authorized 6,000,000,000 shares, \$0.0833 par value; 463,683,711, 471,274,073 and 496,093,160 shares issued and outstanding as of April 30, 2022, January 29, 2022, and May 1, 2021, respectively.

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

See accompanying [Notes to Consolidated Financial Statements](#).

Consolidated Statements of Cash Flows

| (millions) (unaudited) | Three Months Ended | |
|--|--------------------|-----------------|
| | April 30, 2022 | May 1, 2021 |
| Operating activities | | |
| Net earnings | \$ 1,009 | \$ 2,097 |
| Adjustments to reconcile net earnings to cash (required for) provided by operating activities: | | |
| Depreciation and amortization | 679 | 667 |
| Share-based compensation expense | 83 | 79 |
| Deferred income taxes | 115 | 170 |
| Gain on Dermstore sale | — | (335) |
| Noncash losses / (gains) and other, net | 52 | (30) |
| Changes in operating accounts: | | |
| Inventory | (1,181) | 114 |
| Other assets | (86) | (5) |
| Accounts payable | (1,560) | (1,205) |
| Accrued and other liabilities | (505) | (413) |
| Cash (required for) provided by operating activities | (1,394) | 1,139 |
| Investing activities | | |
| Expenditures for property and equipment | (952) | (540) |
| Proceeds from disposal of property and equipment | 2 | 12 |
| Proceeds from Dermstore sale | — | 356 |
| Other investments | 2 | 7 |
| Cash required for investing activities | (948) | (165) |
| Financing activities | | |
| Change in commercial paper, net | 945 | — |
| Reductions of long-term debt | (48) | (21) |
| Dividends paid | (424) | (340) |
| Repurchase of stock | (181) | (1,310) |
| Accelerated share repurchase pending final settlement | (2,750) | — |
| Stock option exercises | 1 | 2 |
| Cash required for financing activities | (2,457) | (1,669) |
| Net decrease in cash and cash equivalents | (4,799) | (695) |
| Cash and cash equivalents at beginning of period | 5,911 | 8,511 |
| Cash and cash equivalents at end of period | \$ 1,112 | \$ 7,816 |
| Supplemental information | | |
| Leased assets obtained in exchange for new finance lease liabilities | \$ 62 | \$ 69 |
| Leased assets obtained in exchange for new operating lease liabilities | 59 | 189 |

See accompanying [Notes to Consolidated Financial Statements](#).

Consolidated Statements of Shareholders' Investment

| (millions) (unaudited) | Common Stock Shares | Stock Par Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive (Loss)/Income | Total |
|----------------------------|---------------------------|-----------------------|----------------------------------|----------------------|---|-----------|
| January 30, 2021 | 500.9 | \$ 42 | \$ 6,329 | \$ 8,825 | \$ (756) | \$ 14,440 |
| Net earnings | — | — | — | 2,097 | — | 2,097 |
| Other comprehensive income | — | — | — | — | 31 | 31 |
| Dividends declared | — | — | — | (343) | — | (343) |
| Repurchase of stock | (6.1) | (1) | — | (1,207) | — | (1,208) |
| Stock options and awards | 1.3 | — | (58) | — | — | (58) |
| May 1, 2021 | 496.1 | \$ 41 | \$ 6,271 | \$ 9,372 | \$ (725) | \$ 14,959 |
| Net earnings | — | — | — | 1,817 | — | 1,817 |
| Other comprehensive income | — | — | — | — | 12 | 12 |
| Dividends declared | — | — | — | (445) | — | (445) |
| Repurchase of stock | (6.6) | — | — | (1,544) | — | (1,544) |
| Stock options and awards | 0.2 | — | 61 | — | — | 61 |
| July 31, 2021 | 489.7 | \$ 41 | \$ 6,332 | \$ 9,200 | \$ (713) | \$ 14,860 |
| Net earnings | — | — | — | 1,488 | — | 1,488 |
| Other comprehensive income | — | — | — | — | 26 | 26 |
| Dividends declared | — | — | — | (439) | — | (439) |
| Repurchase of stock | (8.8) | (1) | — | (2,180) | — | (2,181) |
| Stock options and awards | — | — | 49 | — | — | 49 |
| October 30, 2021 | 480.9 | \$ 40 | \$ 6,381 | \$ 8,069 | \$ (687) | \$ 13,803 |
| Net earnings | — | — | — | 1,544 | — | 1,544 |
| Other comprehensive income | — | — | — | — | 134 | 134 |
| Dividends declared | — | — | — | (428) | — | (428) |
| Repurchase of stock | (9.8) | (1) | — | (2,265) | — | (2,266) |
| Stock options and awards | 0.2 | — | 40 | — | — | 40 |
| January 29, 2022 | 471.3 | \$ 39 | \$ 6,421 | \$ 6,920 | \$ (553) | \$ 12,827 |

Consolidated Statements of Shareholders' Investment

| (millions) (unaudited) | Common Stock Shares | Stock Par Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) / Income | Total |
|--|---------------------------|-----------------------|----------------------------------|----------------------|---|-----------|
| January 29, 2022 | 471.3 | \$ 39 | \$ 6,421 | \$ 6,920 | \$ (553) | \$ 12,827 |
| Net earnings | — | — | — | 1,009 | — | 1,009 |
| Other comprehensive income | — | — | — | — | 201 | 201 |
| Dividends declared | — | — | — | (426) | — | (426) |
| Repurchase of stock | (0.1) | — | — | (10) | — | (10) |
| Accelerated share repurchase pending final settlement | (8.9) | (1) | (751) | (1,998) | — | (2,750) |
| Stock options and awards | 1.4 | 1 | (78) | — | — | (77) |
| April 30, 2022 | 463.7 | \$ 39 | \$ 5,592 | \$ 5,495 | \$ (352) | \$ 10,774 |

We declared \$0.90 and \$0.68 dividends per share for the three months ended April 30, 2022, and May 1, 2021, respectively, and \$3.38 per share for the fiscal year ended January 29, 2022.

See accompanying [Notes to Consolidated Financial Statements](#).

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Notes to Consolidated Financial Statements (unaudited)

1. Accounting Policies

These unaudited condensed consolidated financial statements are prepared in accordance with the rules and regulations of the Securities and Exchange Commission applicable to interim financial statements. While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by United States generally accepted accounting principles (U.S. GAAP) for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the financial statement disclosures in our 2021 Form 10-K.

We use the same accounting policies in preparing quarterly and annual financial statements.

We operate as a single segment that is designed to enable guests to purchase products seamlessly in stores or through our digital channels. Nearly all of our revenues are generated in the U.S. The vast majority of our long-lived assets are located within the U.S.

Due to the seasonal nature of our business, quarterly revenues, expenses, earnings, and cash flows are not necessarily indicative of the results that may be expected for the full year.

2. Dermstore Sale

In February 2021, we sold our wholly owned subsidiary Dermstore LLC (Dermstore) for \$356 million in cash and recognized a \$335 million pretax gain, which is included in Net Other (Income) / Expense. Dermstore represented less than 1 percent of our consolidated revenues, operating income and net assets.

3. Revenues

General merchandise sales represent the vast majority of our revenues. We also earn revenues from a variety of other sources, most notably credit card profit-sharing income from our arrangement with TD Bank Group (TD).

| Revenues (millions) | Three Months Ended | |
|--|--------------------|------------------|
| | April 30, 2022 | May 1, 2021 |
| Apparel and accessories ^(a) | \$ 4,239 | \$ 4,269 |
| Beauty and household essentials ^(b) | 7,053 | 6,364 |
| Food and beverage ^(c) | 5,505 | 4,856 |
| Hardlines ^(d) | 3,713 | 3,946 |
| Home furnishings and décor ^(e) | 4,271 | 4,410 |
| Other | 49 | 34 |
| Sales | 24,830 | 23,879 |
| Credit card profit sharing | 185 | 171 |
| Other | 155 | 147 |
| Other revenue | 340 | 318 |
| Total revenue | \$ 25,170 | \$ 24,197 |

- ^(a) Includes apparel for women, men, boys, girls, toddlers, infants and newborns, as well as jewelry, accessories, and shoes.
- ^(b) Includes beauty and personal care, baby gear, cleaning, paper products, and pet supplies.
- ^(c) Includes dry grocery, dairy, frozen food, beverages, candy, snacks, deli, bakery, meat, produce, and food service in our stores.
- ^(d) Includes electronics (including video game hardware and software), toys, entertainment, sporting goods, and luggage.
- ^(e) Includes furniture, lighting, storage, kitchenware, small appliances, home décor, bed and bath, home improvement, school/office supplies, greeting cards and party supplies, and other seasonal merchandise.

Merchandise sales — We record almost all retail store revenues at the point of sale. Digitally originated sales may include shipping revenue and are recorded upon delivery to the guest or upon guest pickup at the store. Sales are recognized net of expected returns, which we estimate using historical return patterns and our expectation of future returns. As of April 30, 2022, January 29, 2022, and May 1, 2021, the accrual for estimated returns was \$204 million, \$165 million, and \$196 million, respectively.

Revenue from Target gift card sales is recognized upon gift card redemption, which is typically within one year of issuance.

Gift Card Liability Activity

| (millions) | January 29, 2022 | Gift Cards Issued During Current Period But Not Redeemed ^(b) | Revenue Recognized From Beginning Liability | April 30, 2022 |
|------------------------------------|---------------------|--|---|-------------------|
| Gift card liability ^(a) | \$ 1,202 | \$ 276 | \$ (465) | \$ 1,013 |

- ^(a) Included in Accrued and Other Current Liabilities.
- ^(b) Net of estimated breakage.

Credit card profit sharing — We receive payments under a credit card program agreement with TD. Under the agreement, we receive a percentage of the profits generated by the Target Credit Card and Target MasterCard receivables in exchange for performing account servicing and primary marketing functions. TD underwrites, funds, and owns Target Credit Card and Target MasterCard receivables, controls risk management policies, and oversees regulatory compliance.

Other — Includes advertising, Shipt membership and service revenues, commissions earned on third-party sales through Target.com, rental income, and other miscellaneous revenues.

4. Fair Value Measurements

Fair value measurements are reported in one of three levels reflecting the significant inputs used to determine fair value.

| Financial Instruments Measured On a Recurring Basis | | | Fair Value | | |
|---|------------------------------|-------------------|----------------|------------------|-------------|
| (millions) | Classification | Measurement Level | April 30, 2022 | January 29, 2022 | May 1, 2021 |
| Assets | | | | | |
| Short-term investments | Cash and Cash Equivalents | Level 1 | \$ 182 | \$ 4,985 | \$ 6,895 |
| Prepaid forward contracts | Other Current Assets | Level 1 | 37 | 35 | 37 |
| Interest rate swaps | Other Current Assets | Level 2 | 41 | 17 | — |
| Interest rate swaps | Other Noncurrent Assets | Level 2 | 292 | 135 | 149 |
| Liabilities | | | | | |
| Interest rate swaps | Other Noncurrent Liabilities | Level 2 | 27 | — | — |

| Significant Financial Instruments Not Measured at Fair Value ^(a) | April 30, 2022 | | January 29, 2022 | | May 1, 2021 | |
|---|-----------------|------------|------------------|------------|-----------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| (millions) | | | | | | |
| Long-term debt, including current portion ^(b) | \$ 11,549 | \$ 11,466 | \$ 11,568 | \$ 12,808 | \$ 10,646 | \$ 12,335 |

^(a) The carrying amounts of certain other current assets, commercial paper, accounts payable, and certain accrued and other current liabilities approximate fair value due to their short-term nature.

^(b) The fair value of debt is generally measured using a discounted cash flow analysis based on current market interest rates for the same or similar types of financial instruments and would be classified as Level 2. These amounts exclude commercial paper, unamortized swap valuation adjustments, and lease liabilities.

5. Property and Equipment

We review long-lived assets for impairment when store performance expectations, events, or changes in circumstances—such as a decision to relocate or close a store, office, or distribution center, discontinue a project, or make significant software changes—indicate that the asset's carrying value may not be recoverable. We recognized impairment charges of \$23 million and \$41 million during the three months ended April 30, 2022, and May 1, 2021, respectively. These impairment charges are included in Selling, General and Administrative Expenses (SG&A).

6. Commercial Paper and Long-Term Debt

We obtain short-term financing from time to time under our commercial paper program. For the three months ended April 30, 2022, the maximum amount outstanding was \$1.1 billion, and the average daily amount outstanding was \$291 million, at a weighted average annual interest rate of 0.4 percent. As of April 30, 2022, \$945 million was outstanding and is classified within Current Portion of Long-Term Debt and Other Borrowings on our Consolidated Statement of Financial Position. No balances were outstanding at any time during the three months ended May 1, 2021.

7. Derivative Financial Instruments

Our derivative instruments consist of interest rate swaps used to mitigate interest rate risk. As a result, we have counterparty credit exposure to large global financial institutions, which we monitor on an ongoing basis. [Note 4](#) to the Consolidated Financial Statements provides the fair value and classification of these instruments.

As of April 30, 2022, January 29, 2022, and May 1, 2021, we were party to interest rate swaps with notional amounts totaling \$1.5 billion. We pay a floating rate and receive a fixed rate under each of these agreements. All of the agreements are designated as fair value hedges, and all were considered to be perfectly effective under the shortcut method during the three months ended April 30, 2022, and May 1, 2021.

We were party to forward-starting interest rate swaps with notional amounts totaling \$2.15 billion as of April 30, 2022, and January 29, 2022, and \$250 million as of May 1, 2021. We use these derivative financial instruments, which have been designated as cash flow hedges, to hedge the interest rate exposure of anticipated future debt issuances during the next three years. Based on the fair value of these swaps as of April 30, 2022, Accumulated Other Comprehensive Loss (AOCI) included an unrealized gain of \$333 million. Any unrealized gain or loss at the time of debt issuance will be reclassified and reduce Net Interest Expense as we record interest expense on the associated debt.

| Effect of Hedges on Debt (millions) | April 30, 2022 | January 29, 2022 | May 1, 2021 |
|---|----------------|---------------------|-------------|
| Long-term debt and other borrowings | | | |
| Carrying amount of hedged debt | \$ 1,468 | \$ 1,572 | \$ 1,627 |
| Cumulative hedging adjustments, included in carrying amount | (27) | 77 | 132 |

| Effect of Hedges on Net Interest Expense (millions) | Three Months Ended | |
|---|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Gain (loss) on fair value hedges recognized in Net Interest Expense | | |
| Interest rate swap designated as fair value hedges | \$ (104) | \$ (51) |
| Hedged debt | 104 | 51 |
| Total | \$ — | \$ — |

8. Share Repurchase

We periodically repurchase shares of our common stock under a board-authorized repurchase program through a combination of open market transactions, accelerated share repurchase (ASR) arrangements, and other privately negotiated transactions with financial institutions.

| Share Repurchase Activity (millions, except per share data) | Three Months Ended | |
|---|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Number of shares purchased | 0.1 | 6.1 |
| Average price paid per share | \$ 208.60 | \$ 190.77 |
| Total investment | \$ 10 | \$ 1,165 |

Note: This table excludes activity related to the ASR arrangements described below because final settlement had not occurred as of April 30, 2022.

During the first quarter of 2022, we entered into an ASR arrangement to repurchase up to \$2.75 billion of our common stock. Under the agreement, we paid \$2.75 billion and received an initial delivery of 8.9 million shares, which were retired, resulting in a \$2 billion reduction to Retained Earnings. As of April 30, 2022, \$751 million is included in the Consolidated Statement of Financial Position as a reduction to Additional Paid-in Capital.

9. Pension Benefits

We provide pension plan benefits to eligible team members.

| (millions) | Classification | Three Months Ended | |
|---|------------------------------|--------------------|--------------|
| | | April 30, 2022 | May 1, 2021 |
| Net Pension Benefits Expense | | | |
| Service cost benefits earned | SG&A | \$ 23 | \$ 24 |
| Interest cost on projected benefit obligation | Net Other (Income) / Expense | 29 | 24 |
| Expected return on assets | Net Other (Income) / Expense | (59) | (59) |
| Amortization of losses | Net Other (Income) / Expense | 15 | 29 |
| Total | | \$ 8 | \$ 18 |

10. Accumulated Other Comprehensive Income (Loss)

| (millions) | Cash Flow Hedges | Currency Translation Adjustment | Pension | Total |
|--|------------------|---------------------------------|----------|----------|
| Change in Accumulated Other Comprehensive Income (Loss) | | | | |
| January 29, 2022 | \$ 49 | \$ (19) | \$ (583) | \$ (553) |
| Other comprehensive income (loss) before reclassifications, net of tax | 190 | — | — | 190 |
| Amounts reclassified from AOCI, net of tax | — | — | 11 | 11 |
| April 30, 2022 | \$ 239 | \$ (19) | \$ (572) | \$ (352) |

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

Financial Summary

First quarter 2022 included the following notable items:

- GAAP diluted earnings per share were \$2.16.
- Adjusted diluted earnings per share were \$2.19.
- Total revenue increased 4.0 percent, driven by an increase in comparable sales.
- Comparable sales increased 3.3 percent, driven primarily by a 3.9 percent increase in traffic.
 - Comparable stores originated sales grew 3.4 percent.
 - Comparable digitally originated sales increased 3.2 percent.
- Operating income of \$1.3 billion was 43.3 percent lower than for the comparable prior-year period, driven primarily by a decrease in gross margin, reflecting inventory actions taken as a result of lower-than-expected sales in our discretionary categories (Apparel and Accessories, Hardlines, and Home Furnishings and Décor) and supply chain disruptions, as well as increased freight and merchandise costs.

Sales were \$24.8 billion for the three months ended April 30, 2022, an increase of \$1.0 billion, or 4.0 percent, from the comparable prior-year period. Cash flow required for operating activities was \$1.4 billion for the three months ended April 30, 2022, a decrease of \$2.5 billion, or 222.4 percent, from \$1.1 billion cash flow provided by operating activities for the three months ended May 1, 2021. The drivers of the operating cash flow decrease are described on [page 20](#).

| Earnings Per Share | Three Months Ended | | |
|-------------------------------------|--------------------|-------------|---------|
| | April 30, 2022 | May 1, 2021 | Change |
| GAAP diluted earnings per share | \$ 2.16 | \$ 4.17 | (48.2)% |
| Adjustments | 0.03 | (0.47) | |
| Adjusted diluted earnings per share | \$ 2.19 | \$ 3.69 | (40.7)% |

Note: Amounts may not foot due to rounding. Adjusted diluted earnings per share (Adjusted EPS), a non-GAAP metric, excludes the impact of certain items. Management believes that Adjusted EPS is useful in providing period-to-period comparisons of the results of our operations. A reconciliation of non-GAAP financial measures to GAAP measures is provided on [page 18](#).

We report after-tax return on invested capital (ROIC) because we believe ROIC provides a meaningful measure of our capital allocation effectiveness over time. For the trailing twelve months ended April 30, 2022, after-tax ROIC was 25.3 percent, compared with 30.7 percent for the trailing twelve months ended May 1, 2021. The calculation of ROIC is provided on [page 19](#).

Supply Chain Disruptions and Demand Shifts

We have seen continued supply chain disruptions. In addition to country of origin production delays, trucker and dockworker shortages, volatile consumer demand, and other factors have led to industry-wide U.S. port and ground transportation delays. In response, we have taken various actions, including ordering and receiving merchandise earlier, securing incremental freight and storage capacity, and maintaining elevated levels of staffing. In addition, we have recently seen a significant shift in consumer demand away from longer lead time discretionary categories, resulting in lower-than-expected sales and higher-than-expected inventories in these areas. These factors have resulted in increased costs, as well as increased clearance and promotional markdowns, which contributed to decreased profitability in the first quarter of 2022 compared to the prior-year period. These factors will result in increased costs and decreased profitability in future periods, the impact of which could be material. The Gross Margin Rate analysis on [page 16](#) provides additional information.

Analysis of Results of Operations

| Summary of Operating Income (dollars in millions) | Three Months Ended | | Change |
|---|--------------------|-------------|---------|
| | April 30, 2022 | May 1, 2021 | |
| Sales | \$ 24,830 | \$ 23,879 | 4.0 % |
| Other revenue | 340 | 318 | 6.7 |
| Total revenue | 25,170 | 24,197 | 4.0 |
| Cost of sales | 18,461 | 16,716 | 10.4 |
| Selling, general and administrative expenses | 4,762 | 4,509 | 5.6 |
| Depreciation and amortization (exclusive of depreciation included in cost of sales) | 601 | 598 | 0.3 |
| Operating income | \$ 1,346 | \$ 2,374 | (43.3)% |

| Rate Analysis | Three Months Ended | |
|--|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Gross margin rate | 25.7 % | 30.0 % |
| SG&A expense rate | 18.9 | 18.6 |
| Depreciation and amortization expense rate (exclusive of depreciation included in cost of sales) | 2.4 | 2.5 |
| Operating income margin rate | 5.3 | 9.8 |

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.

Sales

Sales include all merchandise sales, net of expected returns, and our estimate of gift card breakage. We use comparable sales to evaluate the performance of our stores and digital channel sales by measuring the change in sales for a period over the comparable prior-year period of equivalent length. Comparable sales include all sales, except sales from stores open less than 13 months, digital acquisitions we have owned less than 13 months, stores that have been closed, and digital acquisitions that we no longer operate. Comparable sales measures vary across the retail industry. As a result, our comparable sales calculation is not necessarily comparable to similarly titled measures reported by other companies. Digitally originated sales include all sales initiated through mobile applications and our websites. Our stores fulfill the majority of digitally originated sales, including shipment from stores to guests, store Order Pickup or Drive Up, and delivery via Shipt. Digitally originated sales may also be fulfilled through our distribution centers, our vendors, or other third parties.

Sales growth—from both comparable sales and new stores—represents an important driver of our long-term profitability. We expect that comparable sales growth will drive the majority of our total sales growth. We believe that our ability to successfully differentiate our guests' shopping experience through a careful combination of merchandise assortment, price, convenience, guest experience, and other factors will, over the long-term, drive both increasing shopping frequency (traffic) and the amount spent each visit (average transaction amount).

| Comparable Sales | Three Months Ended | |
|---------------------------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Comparable sales change | 3.3 % | 22.9 % |
| Drivers of change in comparable sales | | |
| Number of transactions (traffic) | 3.9 | 17.1 |
| Average transaction amount | (0.6) | 5.0 |

| Comparable Sales by Channel | Three Months Ended | |
|--|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Stores originated comparable sales change | 3.4 % | 18.0 % |
| Digitally originated comparable sales change | 3.2 | 50.2 |

| Sales by Channel | Three Months Ended | |
|----------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Stores originated | 81.8 % | 81.7 % |
| Digitally originated | 18.2 | 18.3 |
| Total | 100 % | 100 % |

| Sales by Fulfillment Channel | Three Months Ended | |
|------------------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Stores | 96.5 % | 96.3 % |
| Other | 3.5 | 3.7 |
| 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.

| Sales by Product Category | Three Months Ended | |
|---------------------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Apparel and accessories | 17 % | 18 % |
| Beauty and household essentials | 29 | 27 |
| Food and beverage | 22 | 20 |
| Hardlines | 15 | 17 |
| Home furnishings and décor | 17 | 18 |
| Total | 100 % | 100 % |

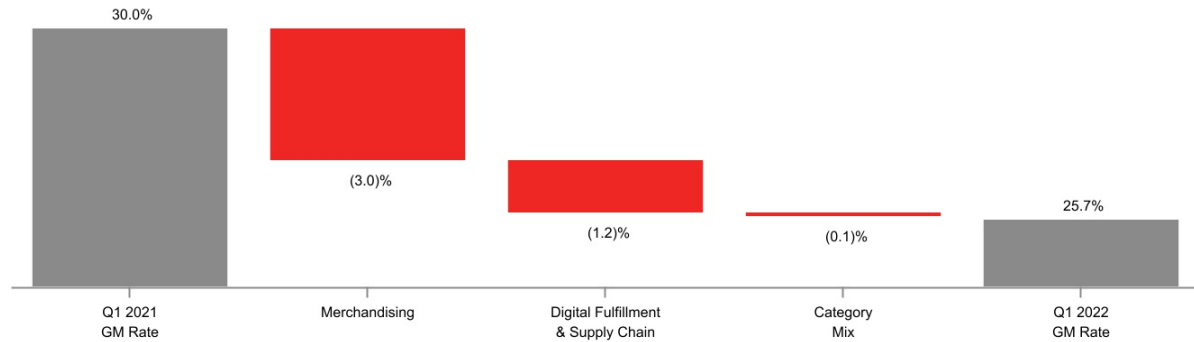
[Note 3](#) to the Financial Statements provides additional product category sales information. The collective interaction of a broad array of macroeconomic, competitive, and consumer behavioral factors, as well as sales mix and the transfer of sales to new stores, makes further analysis of sales metrics infeasible.

We monitor the percentage of purchases that are paid for using RedCards (RedCard Penetration) because our internal analysis has indicated that a meaningful portion of the incremental purchases on RedCards are also incremental sales for Target. Guests receive a 5 percent discount on virtually all purchases when they use a RedCard at Target. RedCard sales increased for the three months ended April 30, 2022, and May 1, 2021; however, RedCard penetration declined as total Sales increased at a faster pace.

| RedCard Penetration | Three Months Ended | |
|---------------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Target Debit Card | 11.6 % | 12.1 % |
| Target Credit Cards | 8.7 | 8.4 |
| Total RedCard Penetration | 20.3 % | 20.5 % |

Note: Amounts may not foot due to rounding.

Gross Margin Rate



For the three months ended April 30, 2022, our gross margin rate was 25.7 percent compared with 30.0 percent in the comparable prior-year period. This decrease reflected the net impact of

- higher clearance and promotional markdown rates, which were largely the result of inventory impairments and other actions taken in our longer lead time discretionary categories, as well as supply chain disruptions, and higher merchandise and freight costs, partially offset by the benefit of retail price increases;
- supply chain pressure related to increased compensation and headcount in our distribution centers; and
- unfavorable mix in the relative growth rates of higher and lower margin categories.

[Supply Chain Disruptions and Demand Shifts](#) on page 13 provides additional information.

Selling, General, and Administrative Expense Rate

For the three months ended April 30, 2022, our SG&A expense rate was 18.9 percent compared with 18.6 percent for the comparable prior-year period. The increase reflected the net impact of cost increases across our business, including investments in hourly team member wages, partially offset by lower incentive compensation expense.

Store Data

| Change in Number of Stores | Three Months Ended | |
|----------------------------|--------------------|-------------|
| | April 30, 2022 | May 1, 2021 |
| Beginning store count | 1,926 | 1,897 |
| Opened | 7 | 12 |
| Closed | — | — |
| Ending store count | 1,933 | 1,909 |

| Number of Stores and Retail Square Feet | Number of Stores | | | Retail Square Feet ^(a) | | |
|---|------------------|------------------|-------------|-----------------------------------|------------------|-------------|
| | April 30, 2022 | January 29, 2022 | May 1, 2021 | April 30, 2022 | January 29, 2022 | May 1, 2021 |
| 170,000 or more sq. ft. | 274 | 274 | 273 | 49,071 | 49,071 | 48,798 |
| 50,000 to 169,999 sq. ft. | 1,519 | 1,516 | 1,510 | 190,461 | 190,205 | 189,618 |
| 49,999 or less sq. ft. | 140 | 136 | 126 | 4,147 | 4,008 | 3,690 |
| Total | 1,933 | 1,926 | 1,909 | 243,679 | 243,284 | 242,106 |

^(a) In thousands; reflects total square feet less office, distribution center, and vacant space.

Other Performance Factors

Net Interest Expense

Net interest expense was \$112 million for the three months ended April 30, 2022, compared with \$108 million in the comparable prior-year period.

Net Other (Income) / Expense

Net Other (Income) / Expense was \$(15) million for the three months ended April 30, 2022, compared with \$(343) million in the comparable prior-year period. The three months ended May 1, 2021, included the \$335 million pretax gain on the February 2021 sale of Dermstore. [Note 2](#) to the Financial Statements provides additional information.

Provision for Income Taxes

Our effective income tax rate for the three months ended April 30, 2022, was 19.2 percent, compared with 19.6 percent in the comparable prior-year period. The decrease reflects lower pretax earnings in the current period resulting in a larger tax rate benefit from fixed and discrete items, partially offset by the impacts of discrete tax benefits in the prior-year quarter, including the resolution of certain income tax matters.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

To provide additional transparency, we have disclosed non-GAAP adjusted diluted earnings per share (Adjusted EPS). This metric excludes certain items presented below. 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 Adjusted EPS (millions, except per share data) | Three Months Ended | | | | | |
|--|--------------------|------------|-----------|-------------|------------|-----------|
| | April 30, 2022 | | | May 1, 2021 | | |
| | Pretax | Net of Tax | Per Share | Pretax | Net of Tax | Per Share |
| GAAP diluted earnings per share | | | \$ 2.16 | | | \$ 4.17 |
| Adjustments | | | | | | |
| Gain on Dermstore sale | \$ — | \$ — | \$ — | \$ (335) | \$ (269) | \$ (0.53) |
| Other ^(a) | 20 | 15 | 0.03 | 41 | 30 | 0.06 |
| Adjusted diluted earnings per share | | | \$ 2.19 | | | \$ 3.69 |

Note: Amounts may not foot due to rounding.

^(a) Other items unrelated to current period operations, none of which were individually significant.

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 (dollars in millions) | Three Months Ended | | | Change |
|--|--------------------|-------------|--|---------|
| | April 30, 2022 | May 1, 2021 | | |
| Net earnings | \$ 1,009 | \$ 2,097 | | (51.9)% |
| + Provision for income taxes | 240 | 512 | | (53.1) |
| + Net interest expense | 112 | 108 | | 3.8 |
| EBIT | \$ 1,361 | \$ 2,717 | | (49.9)% |
| + Total depreciation and amortization ^(a) | 679 | 667 | | 1.8 |
| EBITDA | \$ 2,040 | \$ 3,384 | | (39.7)% |

^(a) 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)

| Numerator | Trailing Twelve Months | | |
|--|------------------------|------------------|-------------|
| | April 30, 2022 | May 1, 2021 | |
| Operating income | \$ 7,918 | \$ 8,444 | |
| + Net other income / (expense) | 55 | 350 | |
| EBIT | 7,973 | 8,794 | |
| + Operating lease interest ^(a) | 87 | 85 | |
| - Income taxes ^(b) | 1,804 | 1,864 | |
| Net operating profit after taxes | \$ 6,256 | \$ 7,015 | |
| Denominator | | | |
| | April 30, 2022 | May 1, 2021 | May 2, 2020 |
| Current portion of long-term debt and other borrowings | \$ 1,089 | \$ 1,173 | \$ 168 |
| + Noncurrent portion of long-term debt | 13,379 | 11,509 | 14,073 |
| + Shareholders' investment | 10,774 | 14,959 | 11,169 |
| + Operating lease liabilities ^(c) | 2,854 | 2,563 | 2,448 |
| - Cash and cash equivalents | 1,112 | 7,816 | 4,566 |
| Invested capital | \$ 26,984 | \$ 22,388 | \$ 23,292 |
| Average invested capital ^(d) | \$ 24,686 | \$ 22,840 | |
| After-tax return on invested capital | 25.3 % | 30.7 % | |

^(a) 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.

^(b) Calculated using the effective tax rates, which were 22.4 percent and 21.0 percent for the trailing twelve months ended April 30, 2022, and May 1, 2021, respectively. For the trailing twelve months ended April 30, 2022, and May 1, 2021, includes tax effect of \$1.8 billion related to EBIT, and \$19 million and \$18 million, respectively, related to operating lease interest.

^(c) Total short-term and long-term operating lease liabilities included within Accrued and Other Current Liabilities and Noncurrent Operating Lease Liabilities, respectively.

^(d) 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.

Analysis of Financial Condition

Liquidity and Capital Resources

Capital Allocation

We follow a disciplined and balanced approach to capital allocation based on the following priorities, ranked in order of importance: first, we fully invest in opportunities to profitably grow our business, create sustainable long-term value, and maintain our current operations and assets; second, we maintain a competitive quarterly dividend and seek to grow it annually; and finally, we return any excess cash to shareholders by repurchasing shares within the limits of our credit rating goals.

Our cash and cash equivalents balance was \$1.1 billion, \$5.9 billion, and \$7.8 billion as of April 30, 2022, January 29, 2022, and May 1, 2021, respectively. Our cash and cash equivalents balance includes short-term investments of \$182 million, \$5.0 billion, and \$6.9 billion as of April 30, 2022, January 29, 2022, and May 1, 2021, respectively. Our investment policy is designed to preserve principal and liquidity of our short-term investments. This policy allows investments in large money market funds or in highly rated direct short-term instruments that mature in 60 days or less. We also place dollar limits on our investments in individual funds or instruments.

Operating Cash Flows

Cash flows required for operating activities were \$1.4 billion for the three months ended April 30, 2022, compared with \$1.1 billion of cash flows provided by operating activities for the three months ended May 1, 2021. For the three months ended April 30, 2022, operating cash flows decreased as a result of lower earnings, increased inventory levels and lower accounts payable leverage due to decreased inventory turnover, compared with the three months ended May 1, 2021.

Inventory

Inventory was \$15.1 billion as of April 30, 2022, compared with \$13.9 billion and \$10.5 billion at January 29, 2022, and May 1, 2021, respectively. The increase over the balance as of May 1, 2021, primarily reflects lower-than-expected sales in our discretionary categories, as well as the impact of supply chain disruptions and demand shifts described on [page 13](#).

Investing Cash Flows

Investing cash flows included capital investments of \$952 million and \$540 million for the three months ended April 30, 2022, and May 1, 2021, respectively. For the three months ended May 1, 2021, investing cash flows included \$356 million of proceeds from the sale of Dermstore.

Dividends

We paid dividends totaling \$424 million (\$0.90 per share) for the three months ended April 30, 2022, and \$340 million (\$0.68 per share) for the three months ended May 1, 2021, a per share increase of 32.4 percent. We declared dividends totaling \$426 million (\$0.90 per share) during the first quarter of 2022 and \$343 million (\$0.68 per share) during the first quarter of 2021, a per share increase of 32.4 percent. We have paid dividends every quarter since our 1967 initial public offering, and it is our intent to continue to do so in the future.

Share Repurchase

Excluding the unsettled March 2022 ASR, we returned \$10 million to shareholders through share repurchase during the three months ended April 30, 2022. See [Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds](#) of this Quarterly Report on Form 10-Q and [Note 8](#) to the Financial Statements for more information.

Financing

Our financing strategy is to ensure liquidity and access to capital markets, to maintain a balanced spectrum of debt maturities, and to manage our net exposure to floating interest rate volatility. Within these parameters, we seek to minimize our borrowing costs. Our ability to access the long-term debt and commercial paper markets has provided us with ample sources of liquidity. Our continued access to these markets depends on multiple factors, including the condition of debt capital markets, our operating performance, and maintaining strong credit ratings. As of April 30, 2022, our credit ratings were as follows:

| Credit Ratings | Moody's | Standard and Poor's | Fitch |
|------------------|---------|---------------------|-------|
| Long-term debt | A2 | A | A |
| Commercial paper | P-1 | A-1 | F1 |

If our credit ratings were lowered, our ability to access the debt markets, our cost of funds, and other terms for new debt issuances could be adversely impacted. Each of the credit rating agencies reviews its rating periodically, and there is no guarantee our current credit ratings will remain the same as described above.

We have the ability to obtain short-term financing from time to time under our commercial paper program and credit facility. Our committed \$3.0 billion unsecured revolving credit facility expires in October 2026 and backstops our commercial paper program. No balances were outstanding under our credit facility at any time during 2022 or 2021. As of April 30, 2022, we had \$0.9 billion outstanding under our commercial paper program. We did not have any balances outstanding under our commercial paper program as of May 1, 2021. [Note 6](#) to the Financial Statements provides additional information.

Most of our long-term debt obligations contain covenants related to secured debt levels. In addition to a secured debt level covenant, our credit facility also contains a debt leverage covenant. We are, and expect to remain, in compliance with these covenants. Additionally, as of April 30, 2022, no notes or debentures contained provisions requiring acceleration of payment upon a credit rating downgrade, except that certain outstanding notes allow the note holders to put the notes to us if within a matter of months of each other we experience both (i) a change in control and (ii) our long-term credit ratings are either reduced and the resulting rating is non-investment grade, or our long-term credit ratings are placed on watch for possible reduction and those ratings are subsequently reduced and the resulting rating is non-investment grade.

We believe our sources of liquidity, namely operating cash flows, credit facility capacity, and access to capital markets, will continue to be adequate to meet our contractual obligations, working capital and planned capital expenditures, finance anticipated expansion and strategic initiatives, fund debt maturities, pay dividends, and execute purchases under our share repurchase program for the foreseeable future.

New Accounting Pronouncements

We do not expect any recently issued accounting pronouncements to have a material effect on our financial statements.

Forward-Looking Statements

This report contains forward-looking statements, which are based on our current assumptions and expectations. These statements are typically accompanied by the words “expect,” “may,” “could,” “believe,” “would,” “might,” “anticipates,” or similar words. The principal forward-looking statements in this report include: our financial performance, statements regarding the adequacy of and costs associated with our sources of liquidity, the funding of debt maturities, the continued execution of our share repurchase program, our expected capital expenditures and new lease commitments, the expected compliance with debt covenants, the expected impact of new accounting pronouncements, our intentions regarding future dividends, the expected return on plan assets, the expected outcome of, and adequacy of our reserves for, claims, litigation and the resolution of tax matters, and changes in our assumptions and expectations.

All such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although we believe there is a reasonable basis for the forward-looking statements, our actual results could be materially different. The most important factors which could cause our actual results to differ from our forward-looking statements are set forth in our description of risk factors included in [Part I, Item 1A, Risk Factors](#) of our [Form 10-K](#) for the fiscal year ended January 29, 2022, which should be read in conjunction with the forward-looking statements in this report. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in [Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk](#) of our [Form 10-K](#) for the fiscal year ended January 29, 2022.

Item 4. Controls and Procedures

Changes in Internal Control Over Financial Reporting

During the most recently completed fiscal quarter, there were no changes which materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (Exchange Act). Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective at a reasonable assurance level. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

No response is required under Item 103 of Regulation S-K, nor have there been any material developments for any previously reported legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in [Part I, Item 1A, Risk Factors](#) of our [Form 10-K](#) for the fiscal year ended January 29, 2022.

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

On August 11, 2021, our Board of Directors authorized a \$15 billion share repurchase program with no stated expiration. Under the program, we have repurchased 11.3 million shares of common stock at an average price of \$236.64, for a total investment of \$2.7 billion, excluding the March 2022 ASR because the transaction was not fully settled as of April 30, 2022. The table below presents information with respect to Target common stock purchases made during the three months ended April 30, 2022, by Target or any "affiliated purchaser" of Target, as defined in Rule 10b-18(a)(3) under the Exchange Act.

| Share Repurchase Activity | | | | |
|--|----------------------------------|------------------------------|---|--|
| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs | Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Programs |
| January 30, 2022 through February 26, 2022 | | | | |
| Open market and privately negotiated purchases | — | \$ — | — | \$ 12,326,055,745 |
| February 27, 2022 through April 2, 2022 | | | | |
| Open market and privately negotiated purchases | 47,934 | 208.60 | 47,934 | 12,316,056,660 |
| March 2022 ASR ^(a) | 8,886,661 | TBD | 8,886,661 | 12,316,056,660 |
| April 3, 2022 through April 30, 2022 | | | | |
| Open market and privately negotiated purchases | — | — | — | 12,316,056,660 |
| Total | 8,934,595 | TBD | 8,934,595 | \$ 12,316,056,660 |

^(a) Refer to [Note 8](#) of the Consolidated Financial Statements for further details about the ASR arrangement.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

| | |
|---------|--|
| (3)A | Amended and Restated Articles of Incorporation (as amended through June 9, 2010) ⁽¹⁾ |
| (3)B | Bylaws (as amended through March 27, 2020) ⁽²⁾ |
| (31)A | Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| (31)B | Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| (32)A | Certification of the Chief Executive Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| (32)B | Certification of the Chief Financial Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

⁽¹⁾ Incorporated by reference to Exhibit (3)A to the Registrant's Form 8-K Report filed June 10, 2010.

⁽²⁾ Incorporated by reference to Exhibit (3)B to the Registrant's Form 8-K Report filed April 2, 2020.

SIGNATURE

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.

TARGET CORPORATION

Dated: May 27, 2022

By: /s/ Michael J. Fiddelke
Michael J. Fiddelke
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

/s/ Matthew A. Liegel
Matthew A. Liegel
Senior Vice President, Chief Accounting Officer
and Controller

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Certifications

I, Brian C. Cornell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Target Corporation;
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 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 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.

Dated: May 27, 2022

/s/ Brian C. Cornell

Brian C. Cornell

Chairman and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Certifications

I, Michael J. Fiddelke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Target Corporation;
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 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 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.

Dated: May 27, 2022

/s/ Michael J. Fiddelke

Michael J. Fiddelke

Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Target Corporation, a Minnesota corporation ("the Company"), for the quarter ended April 30, 2022, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the officer's knowledge:

1. 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.

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

Dated: May 27, 2022

/s/ Brian C. Cornell

Brian C. Cornell

Chairman and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Target Corporation, a Minnesota corporation ("the Company"), for the quarter ended April 30, 2022, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the officer's knowledge:

1. 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.

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

Dated: May 27, 2022

/s/ Michael J. Fiddelke

Michael J. Fiddelke

Executive Vice President and Chief Financial Officer