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 July 31, 2021

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	**41-0215170**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Nicollet Mall, Minneapolis, Minnesota	**55403**
(Address of principal executive offices)	(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 August 20, 2021, were 488,039,053.

TARGET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations

	Three Months Ended		Six Months Ended	
(millions, except per share data) (unaudited)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Sales	$ 24,826	$ 22,696	$ 48,705	$ 42,067
Other revenue	334	279	652	523
Total revenue	25,160	22,975	49,357	42,590
Cost of sales	17,280	15,673	33,996	30,183
Selling, general and administrative expenses	4,849	4,460	9,358	8,520
Depreciation and amortization (exclusive of depreciation included in cost of sales)	564	542	1,162	1,119
Operating income	2,467	2,300	4,841	2,768
Net interest expense	104	122	212	239
Net other (income) / expense	(7)	(11)	(350)	11
Earnings before income taxes	2,370	2,189	4,979	2,518
Provision for income taxes	553	499	1,065	544
Net earnings	$ 1,817	$ 1,690	$ 3,914	$ 1,974
Basic earnings per share	$ 3.68	$ 3.38	$ 7.89	$ 3.94
Diluted earnings per share	$ 3.65	$ 3.35	$ 7.82	$ 3.91
Weighted average common shares outstanding				
Basic	493.1	500.1	495.8	500.6
Diluted	497.5	504.4	500.4	505.1
Antidilutive shares	—	—	—	—

Note: Per share amounts may not foot due to rounding.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(millions) (unaudited)	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Net earnings	$ 1,817	$ 1,690	$ 3,914	$ 1,974
Other comprehensive income / (loss), net of tax				
Pension benefit liabilities	20	22	42	44
Currency translation adjustment and cash flow hedges	(8)	(1)	1	(9)
Other comprehensive income	12	21	43	35
Comprehensive income	$ 1,829	$ 1,711	$ 3,957	$ 2,009

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Financial Position

(millions, except footnotes) (unaudited)	July 31, 2021	January 30, 2021	August 1, 2020
Assets			
Cash and cash equivalents	$ 7,368	$ 8,511	$ 7,284
Inventory	11,259	10,653	8,876
Other current assets	1,604	1,592	1,463
Total current assets	20,231	20,756	17,623
Property and equipment			
Land	6,148	6,141	6,027
Buildings and improvements	32,133	31,557	30,946
Fixtures and equipment	5,892	5,914	5,665
Computer hardware and software	2,260	2,765	2,631
Construction-in-progress	944	780	811
Accumulated depreciation	(20,133)	(20,278)	(19,341)
Property and equipment, net	27,244	26,879	26,739
Operating lease assets	2,503	2,227	2,233
Other noncurrent assets	1,407	1,386	1,405
Total assets	$ 51,385	$ 51,248	$ 48,000
Liabilities and shareholders' investment			
Accounts payable	$ 12,632	$ 12,859	$ 10,726
Accrued and other current liabilities	5,600	6,122	5,057
Current portion of long-term debt and other borrowings	1,190	1,144	109
Total current liabilities	19,422	20,125	15,892
Long-term debt and other borrowings	11,589	11,536	14,188
Noncurrent operating lease liabilities	2,462	2,218	2,241
Deferred income taxes	1,146	990	1,121
Other noncurrent liabilities	1,906	1,939	1,980
Total noncurrent liabilities	17,103	16,683	19,530
Shareholders' investment			
Common stock	41	42	42
Additional paid-in capital	6,332	6,329	6,248
Retained earnings	9,200	8,825	7,121
Accumulated other comprehensive loss	(713)	(756)	(833)
Total shareholders' investment	14,860	14,440	12,578
Total liabilities and shareholders' investment	$ 51,385	$ 51,248	$ 48,000

Common Stock Authorized 6,000,000,000 shares, $0.0833 par value; 489,651,196, 500,877,129 and 500,252,831 shares issued and outstanding as of July 31, 2021, January 30, 2021, and August 1, 2020, 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

	Six Months Ended	
(millions) (unaudited)	July 31, 2021	August 1, 2020
Operating activities		
Net earnings	$ 3,914	$ 1,974
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	1,300	1,245
Share-based compensation expense	138	104
Deferred income taxes	143	(12)
Gain on Dermstore sale	(335)	—
Noncash losses / (gains) and other, net	7	86
Changes in operating accounts:		
Inventory	(606)	116
Other assets	3	(14)
Accounts payable	(311)	795
Accrued and other liabilities	(831)	822
Cash provided by operating activities	3,422	5,116
Investing activities		
Expenditures for property and equipment	(1,338)	(1,414)
Proceeds from disposal of property and equipment	15	10
Proceeds from Dermstore sale	356	—
Other investments	(5)	2
Cash required for investing activities	(972)	(1,402)
Financing activities		
Additions to long-term debt	—	2,480
Reductions of long-term debt	(72)	(126)
Dividends paid	(676)	(662)
Repurchase of stock	(2,850)	(706)
Stock option exercises	5	7
Cash (required for) / provided by financing activities	(3,593)	993
Net (decrease) / increase in cash and cash equivalents	(1,143)	4,707
Cash and cash equivalents at beginning of period	8,511	2,577
Cash and cash equivalents at end of period	**$ 7,368**	**$ 7,284**
Supplemental information		
Leased assets obtained in exchange for new finance lease liabilities	$ 182	$ 246
Leased assets obtained in exchange for new operating lease liabilities	386	142

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
February 1, 2020	504.2	$ 42	$ 6,226	$ 6,433	$ (868)	$ 11,833
Net earnings	—	—	—	284	—	284
Other comprehensive income	—	—	—	—	14	14
Dividends declared	—	—	—	(333)	—	(333)
Repurchase of stock	(5.7)	—	—	(609)	—	(609)
Stock options and awards	1.4	—	(20)	—	—	(20)
May 2, 2020	499.9	$ 42	$ 6,206	$ 5,775	$ (854)	$ 11,169
Net earnings	—	—	—	1,690	—	1,690
Other comprehensive income	—	—	—	—	21	21
Dividends declared	—	—	—	(344)	—	(344)
Stock options and awards	0.4	—	42	—	—	42
August 1, 2020	500.3	$ 42	$ 6,248	$ 7,121	$ (833)	$ 12,578
Net earnings	—	—	—	1,014	—	1,014
Other comprehensive income	—	—	—	—	36	36
Dividends declared	—	—	—	(346)	—	(346)
Stock options and awards	0.5	—	37	—	—	37
October 31, 2020	500.8	$ 42	$ 6,285	$ 7,789	$ (797)	$ 13,319
Net earnings	—	—	—	1,380	—	1,380
Other comprehensive income	—	—	—	—	41	41
Dividends declared	—	—	—	(344)	—	(344)
Stock options and awards	0.1	—	44	—	—	44
January 30, 2021	500.9	$ 42	$ 6,329	$ 8,825	$ (756)	$ 14,440

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

We declared $0.90 and $0.68 dividends per share for the three months ended July 31, 2021, and August 1, 2020, respectively, and $2.70 per share for the fiscal year ended January 30, 2021.

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 2020 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. Coronavirus (COVID-19)

The novel coronavirus (COVID-19) pandemic continues to evolve. In 2020, states and cities took various measures in response to COVID-19, including mandating the closure of certain businesses and encouraging or requiring citizens to avoid large gatherings. To date, virtually all of our stores, digital channels, and distribution centers have remained open.

Since the onset of the COVID-19 pandemic, we have experienced strong comparable sales growth and significant volatility in our sales category and channel mix, including same-day fulfillment options. Note 4 presents sales by category. We have taken various actions, including accelerating purchases of certain merchandise in our core categories and slowing or canceling purchase orders, primarily for Apparel and Accessories. As a result, during the quarter ended May 2, 2020, we recorded $216 million of purchase order cancellation fees in Cost of Sales.

3. 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 has historically represented less than 1 percent of our consolidated revenues, operating income and net assets.

4. 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	Three Months Ended		Six Months Ended	
(millions)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Apparel and accessories [a]	$ 4,751	$ 4,084	$ 9,020	$ 6,703
Beauty and household essentials [b]	6,726	6,158	13,090	12,069
Food and beverage [c]	4,687	4,186	9,543	8,761
Hardlines [d]	3,867	3,608	7,813	6,582
Home furnishings and décor [e]	4,748	4,625	9,158	7,889
Other	47	35	81	63
Sales	24,826	22,696	48,705	42,067
Credit card profit sharing	172	158	343	324
Other	162	121	309	199
Other revenue	334	279	652	523
Total revenue	$ 25,160	$ 22,975	$ 49,357	$ 42,590

(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 and 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. As of July 31, 2021, January 30, 2021, and August 1, 2020, the accrual for estimated returns was $176 million, $139 million, and $201 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 30, 2021	Gift Cards Issued During Current Period But Not Redeemed [b]	Revenue Recognized From Beginning Liability	July 31, 2021
Gift card liability [a]	$ 1,035	$ 378	$ (533)	$ 880

(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.

5. Fair Value Measurements

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

Financial Instruments Measured On a Recurring Basis			Fair Value		
(millions)	Classification	Pricing Category	July 31, 2021	January 30, 2021	August 1, 2020
Assets					
Short-term investments	Cash and Cash Equivalents	Level 1	$ 6,439	$ 7,644	$ 6,370
Prepaid forward contracts	Other Current Assets	Level 1	44	38	26
Equity securities	Other Current Assets	Level 1	—	—	27
Interest rate swaps	Other Noncurrent Assets	Level 2	160	188	239
Liabilities					
Interest rate swaps	Other Noncurrent Liabilities	Level 2	—	—	12

ıificant Financial Instruments Not Measured at Fair Value [(a)]	July 31, 2021		January 30, 2021		August 1, 2020	
ons)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ȷ-term debt, including current portion [(b)]	$ 10,620	$ 12,594	$ 10,643	$ 12,787	$ 12,384	$ 15,457

(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.

6. 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 $39 million and $81 million during the three and six months ended July 31, 2021, respectively. We recognized impairment charges of $25 million and $60 million during the three and six months ended August 1, 2020, respectively. These impairment charges are included in Selling, General and Administrative Expenses (SG&A).

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 5 to the Consolidated Financial Statements provides the fair value and classification of these instruments.

As of July 31, 2021, January 30, 2021, and August 1, 2020, 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 and six months ended July 31, 2021, and August 1, 2020.

As of July 31, 2021, January 30, 2021, and August 1, 2020, we were party to forward-starting interest rate swaps with notional amounts totaling $250 million. 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. As of July 31, 2021, Accumulated Other Comprehensive Loss (AOCI) included $6 million that will be reclassified and reduce Net Interest Expense when the forecasted transaction affects earnings.

During August 2021, we entered into additional forward-starting interest rate swaps with notional amounts totaling $675 million.

Effect of Hedges on Debt (millions)	July 31, 2021	January 30, 2021	August 1, 2020
Long-term debt and other borrowings			
Carrying amount of hedged debt	$ 1,649	$ 1,677	$ 1,732
Cumulative hedging adjustments, included in carrying amount	154	183	239

Effect of Hedges on Net Interest Expense	Three Months Ended		Six Months Ended	
(millions)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Gain (loss) on fair value hedges recognized in Net Interest Expense				
Interest rate swap designated as fair value hedges	$ 22	$ 11	$ (29)	$ 102
Hedged debt	(22)	(11)	29	(102)
Total	$ —	$ —	$ —	$ —

8. Income Taxes

For the three and six months ended July 31, 2021, our effective tax rate was 23.4 percent and 21.4 percent, respectively, compared with 22.8 percent and 21.6 percent for the three and six months ended August 1, 2020, as higher pretax earnings diluted the tax-rate benefit from fixed and discrete items, such as employee share-based compensation and the Dermstore sale. Additionally, for the six months ended July 31, 2021, the favorable resolution of certain income tax matters resulted in a $44 million discrete tax benefit.

9. 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 arrangements, and other privately negotiated transactions with financial institutions.

Share Repurchase Activity	Three Months Ended		Six Months Ended	
(millions, except per share data)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Number of shares purchased	6.6	—	12.7	5.7
Average price paid per share	$ 233.81	$ —	$ 213.06	$ 107.58
Total investment	$ 1,535	$ —	$ 2,700	$ 609

10. Pension Benefits

We provide pension plan benefits to eligible team members.

Net Pension Benefits Expense		Three Months Ended		Six Months Ended	
(millions)	Classification	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Service cost benefits earned	SG&A	$ 24	$ 25	$ 48	$ 51
Interest cost on projected benefit obligation	Net Other (Income) / Expense	24	29	48	59
Expected return on assets	Net Other (Income) / Expense	(59)	(60)	(118)	(121)
Amortization of losses	Net Other (Income) / Expense	28	32	57	64
Amortization of prior service cost	Net Other (Income) / Expense	(1)	(3)	(1)	(6)
Total		$ 16	$ 23	$ 34	$ 47

11. Accumulated Other Comprehensive Loss

Change in Accumulated Other Comprehensive Loss (millions)	Cash Flow Hedges	Currency Translation Adjustment	Pension	Total
January 30, 2021	$ (3)	$ (18)	$ (735)	$ (756)
Other comprehensive income before reclassifications, net of tax	1	—	—	1
Amounts reclassified from AOCI, net of tax	—	—	42	42
July 31, 2021	$ (2)	$ (18)	$ (693)	$ (713)

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

Financial Summary

Second quarter 2021 included the following notable items:

- GAAP diluted earnings per share was $3.65.
- Adjusted diluted earnings per share was $3.64.
- Total revenue increased 9.5 percent, driven by an increase in comparable sales.
- Comparable sales increased 8.9 percent, driven by a 12.7 percent increase in traffic.
    - Comparable stores originated sales grew 8.7 percent.
    - Comparable digitally originated sales increased 9.9 percent.
- Operating income of $2.5 billion was 7.2 percent higher than the comparable prior-year period.

Sales were $24.8 billion for the three months ended July 31, 2021, an increase of $2.1 billion, or 9.4 percent, from the comparable prior-year period. Cash flow provided by operating activities was $3.4 billion for the six months ended July 31, 2021, a decrease of $1.7 billion, or (33.1) percent, from $5.1 billion for the six months ended August 1, 2020. The drivers of the operating cash flow decrease are described on page 22.

Earnings Per Share	Three Months Ended			Six Months Ended		
	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
GAAP diluted earnings per share	$ 3.65	$ 3.35	8.9 %	$ 7.82	$ 3.91	100.1 %
Adjustments	(0.01)	0.03		(0.48)	0.06	
Adjusted diluted earnings per share	$ 3.64	$ 3.38	7.9 %	$ 7.34	$ 3.96	85.1 %

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 19.

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 July 31, 2021, after-tax ROIC was 31.7 percent, compared with 17.2 percent for the trailing twelve months ended August 1, 2020. The calculation of ROIC is provided on page 21.

COVID-19

Since the onset of the COVID-19 pandemic, we have experienced strong comparable sales growth and significant volatility in our sales category and channel mix, including same-day fulfillment options.

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Analysis of Results of Operations

Summary of Operating Income (dollars in millions)	Three Months Ended July 31, 2021	Three Months Ended August 1, 2020	Change	Six Months Ended July 31, 2021	Six Months Ended August 1, 2020	Change
Sales	$ 24,826	$ 22,696	9.4 %	$ 48,705	$ 42,067	15.8 %
Other revenue	334	279	20.0	652	523	24.8
Total revenue	25,160	22,975	9.5	49,357	42,590	15.9
Cost of sales	17,280	15,673	10.3	33,996	30,183	12.6
Selling, general and administrative expenses	4,849	4,460	8.8	9,358	8,520	9.8
Depreciation and amortization (exclusive of depreciation included in cost of sales)	564	542	4.0	1,162	1,119	3.9
Operating income	$ 2,467	$ 2,300	7.2 %	$ 4,841	$ 2,768	74.9 %

Rate Analysis	Three Months Ended July 31, 2021	Three Months Ended August 1, 2020	Six Months Ended July 31, 2021	Six Months Ended August 1, 2020
Gross margin rate	30.4 %	30.9 %	30.2 %	28.3 %
SG&A expense rate	19.3	19.4	19.0	20.0
Depreciation and amortization expense rate (exclusive of depreciation included in cost of sales)	2.2	2.4	2.4	2.6
Operating income margin rate	9.8	10.0	9.8	6.5

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 our wholly owned subsidiary, 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).

The increase in sales during the three and six months ended July 31, 2021, is due to a comparable sales increase of 8.9 percent and 15.3 percent, respectively, and the contribution from new stores. The COVID-19 pandemic has affected the amount and mix of sales across channels and categories.

Comparable Sales	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Comparable sales change	8.9 %	24.3 %	15.3 %	17.7 %
Drivers of change in comparable sales				
Number of transactions	12.7	4.6	14.8	1.6
Average transaction amount	(3.4)	18.8	0.5	15.8

Comparable Sales by Channel	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Stores originated comparable sales change	8.7 %	10.9 %	13.0 %	6.0 %
Digitally originated comparable sales change	9.9	195.4	27.3	168.9

Sales by Channel	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Stores originated	83.0 %	82.8 %	82.3 %	83.7 %
Digitally originated	17.0	17.2	17.7	16.3
Total	100 %	100 %	100 %	100 %

Sales by Fulfillment Channel	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Stores	96.6 %	96.0 %	96.4 %	96.3 %
Other	3.4	4.0	3.6	3.7
Total	100 %	100 %	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		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Apparel and accessories	19 %	18 %	18 %	16 %
Beauty and household essentials	27	27	27	29
Food and beverage	19	19	20	21
Hardlines	16	16	16	15
Home furnishings and décor	19	20	19	19
Total	100 %	100 %	100 %	100 %

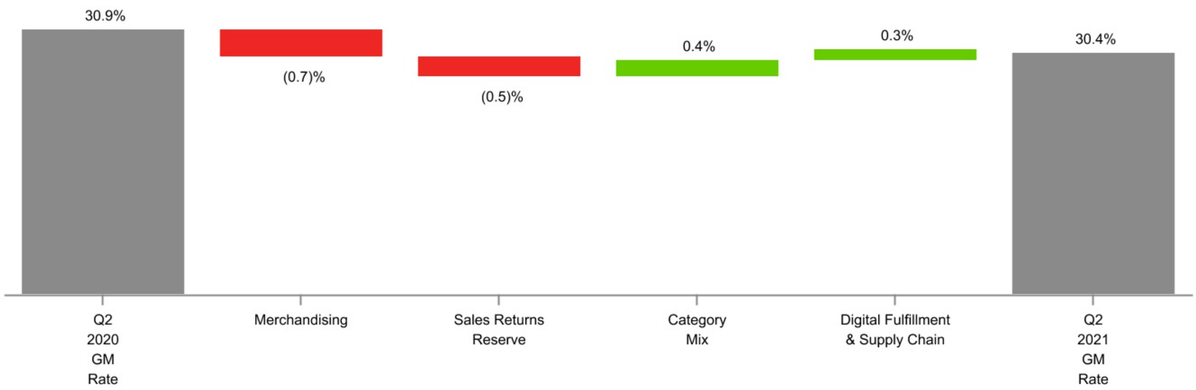
The collective interaction of a broad array of macroeconomic, competitive, and consumer behavioral factors, as well as sales mix and the transfer of sales to new stores, makes further analysis of sales metrics infeasible.

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 and six months ended July 31, 2021, and August 1, 2020; however, RedCard penetration declined as total Sales increased at a faster pace.

RedCard Penetration	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Target Debit Card	11.6 %	11.8 %	11.9 %	12.2 %
Target Credit Cards	8.7	8.7	8.6	9.2
Total RedCard Penetration	20.3 %	20.5 %	20.4 %	21.4 %

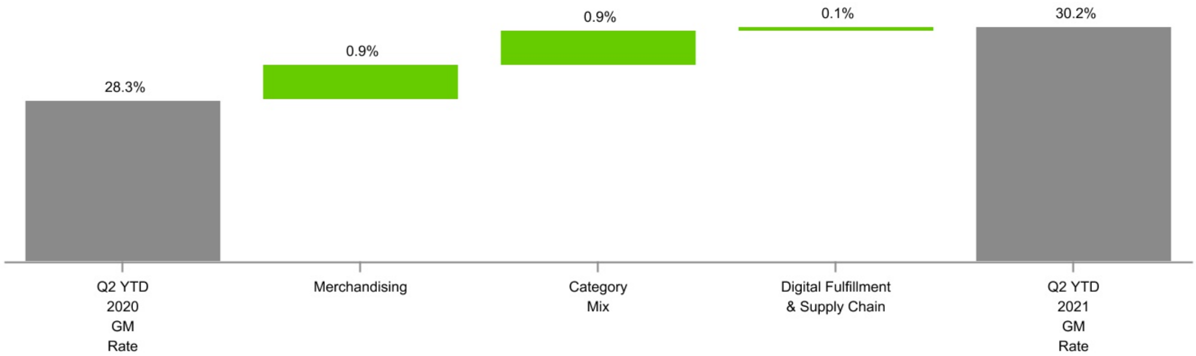
Note: Amounts may not foot due to rounding.

Gross Margin Rate



For the three months ended July 31, 2021, our gross margin rate was 30.4 percent compared with 30.9 percent in the comparable prior-year period. This decrease reflected the net impact of

- pressure from higher merchandise and freight costs, partially offset by the benefit of low promotional and clearance markdown rates;
- the prior-year rate benefit from a second quarter 2020 change in our returns estimate for sales during the temporary returns suspension period;
- favorable category mix, reflecting strength in our higher-margin categories relative to our lower-margin categories; and
- the benefit of a higher percentage of digital sales fulfilled through our lower-cost same-day fulfillment options.



For the six months ended July 31, 2021, our gross margin rate was 30.2 percent compared with 28.3 percent in the comparable prior-year period. This increase reflected

- merchandising benefits, including exceptionally low promotional and clearance markdown rates, partially offset by higher merchandise and freight costs;
- favorable category mix, reflecting strength in our higher-margin categories relative to our lower-margin categories; and
- the benefit of a higher percentage of digital sales fulfilled through our lower-cost same-day fulfillment options.

Selling, General, and Administrative Expense Rate

For the three months ended July 31, 2021, our SG&A expense rate was 19.3 percent compared with 19.4 percent for the three months ended August 1, 2020. For the six months ended July 31, 2021, our SG&A expense rate was 19.0 percent compared with 20.0 percent for the six months ended August 1, 2020. The decreases reflect the continued leverage benefit from strong revenue growth, offset by pressure from increases in some expense categories—such as marketing—from lower-than-normal levels in 2020.

Store Data

Change in Number of Stores	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Beginning store count	1,909	1,871	1,897	1,868
Opened	2	—	14	3
Closed	(2)	—	(2)	—
Ending store count	1,909	1,871	1,909	1,871

Number of Stores and Retail Square Feet	Number of Stores			Retail Square Feet [(a)]		
	July 31, 2021	January 30, 2021	August 1, 2020	July 31, 2021	January 30, 2021	August 1, 2020
170,000 or more sq. ft.	273	273	272	48,798	48,798	48,613
50,000 to 169,999 sq. ft.	1,510	1,509	1,505	189,624	189,508	189,224
49,999 or less sq. ft.	126	115	94	3,709	3,342	2,745
Total	1,909	1,897	1,871	242,131	241,648	240,582

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

Other Performance Factors

Net Interest Expense

Net interest expense was $104 million and $212 million for the three and six months ended July 31, 2021, respectively, compared with $122 million and $239 million, respectively, in the comparable prior-year period. The decrease in net interest expense was primarily due to lower average debt balances for the three and six months ended July 31, 2021, compared with the prior-year periods.

Net Other (Income) / Expense

Net Other (Income) / Expense was $(7) million and $(350) million for the three and six months ended July 31, 2021, respectively, compared with $(11) million and $11 million, respectively, in the comparable prior-year periods. The increase for the six months ended July 31, 2021, was due to the $335 million gain on the February 2021 sale of Dermstore. Note 3 to the Financial Statements provides additional information.

Provision for Income Taxes

Our effective income tax rate for the three and six months ended July 31, 2021, was 23.4 percent and 21.4 percent, respectively, compared with 22.8 percent and 21.6 percent, respectively, in the comparable prior-year periods, reflecting significantly higher earnings during the current-year periods which diluted the tax rate impact of fixed deductions and discrete items. The effective tax rate impact of higher earnings for the six months ended July 31, 2021, was offset by the resolution of certain income tax matters during the first quarter.

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	Three Months Ended					
	July 31, 2021			August 1, 2020		
(millions, except per share data)	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
GAAP diluted earnings per share			$ 3.65			$ 3.35
Adjustments						
Gain on investment [(a)]	$ —	$ —	$ —	$ (9)	$ (6)	$ (0.01)
Other [(b)]	(5)	(4)	(0.01)	25	18	0.04
Adjusted diluted earnings per share			$ 3.64			$ 3.38

Reconciliation of Non-GAAP Adjusted EPS	Six Months Ended					
	July 31, 2021			August 1, 2020		
(millions, except per share data)	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
GAAP diluted earnings per share			$ 7.82			$ 3.91
Adjustments						
Gain on Dermstore sale	$ (335)	$ (269)	$ (0.54)	$ —	$ —	$ —
Loss on investment [(a)]	—	—	—	12	9	0.02
Other [(b)]	36	27	0.05	25	18	0.04
Adjusted diluted earnings per share			$ 7.34			$ 3.96

Note: Amounts may not foot due to rounding.

(a) Represented a (gain) / loss on our investment in Casper Sleep Inc., which was not core to our operations. We sold this investment during the fourth quarter of 2020.

(b) Includes civil unrest-related losses, net of associated insurance recoveries, and headquarters office space impairments, 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	Three Months Ended			Six Months Ended		
(dollars in millions)	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
Net earnings	$ 1,817	$ 1,690	7.4 %	$ 3,914	$ 1,974	98.2 %
+ Provision for income taxes	553	499	11.3	1,065	544	95.9
+ Net interest expense	104	122	(15.5)	212	239	(11.7)
EBIT	$ 2,474	$ 2,311	7.1 %	$ 5,191	$ 2,757	88.2 %
+ Total depreciation and amortization [(a)]	633	604	4.9	1,300	1,245	4.5
EBITDA	$ 3,107	$ 2,915	6.6 %	$ 6,491	$ 4,002	62.2 %

(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)

	Trailing Twelve Months	
Numerator	July 31, 2021	August 1, 2020
Operating income	$ 8,611	$ 4,968
+ Net other income / (expense)	346	(28)
EBIT	8,957	4,940
+ Operating lease interest [(a)]	84	87
- Income taxes [(b)]	1,918	1,076
Net operating profit after taxes	**$ 7,123**	**$ 3,951**

Denominator	July 31, 2021	August 1, 2020	August 3, 2019
Current portion of long-term debt and other borrowings	$ 1,190	$ 109	$ 1,153
+ Noncurrent portion of long-term debt	11,589	14,188	10,365
+ Shareholders' investment	14,860	12,578	11,836
+ Operating lease liabilities [(c)]	2,695	2,448	2,285
- Cash and cash equivalents	7,368	7,284	1,656
Invested capital	$ 22,966	$ 22,039	$ 23,983
Average invested capital [(d)]	**$ 22,502**	**$ 23,011**	
After-tax return on invested capital	**31.7 %**	**17.2 %**	

(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 21.2 percent and 21.4 percent for the trailing twelve months ended July 31, 2021, and August 1, 2020, respectively. For the trailing twelve months ended July 31, 2021, and August 1, 2020, includes tax effect of $1.9 billion and $1.1 billion, respectively, related to EBIT, and $18 million and $19 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 $7.4 billion, $8.5 billion, and $7.3 billion as of July 31, 2021, January 30, 2021, and August 1, 2020, respectively. Our cash and cash equivalents balance includes short-term investments of $6.4 billion, $7.6 billion, and $6.4 billion as of July 31, 2021, January 30, 2021, and August 1, 2020, 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 provided by operating activities were $3.4 billion for the six months ended July 31, 2021, compared with $5.1 billion for the six months ended August 1, 2020. For the six months ended July 31, 2021, operating cash flows reflect stronger operating results, offset by increased inventory investment and higher net settlement of accounts payable, compared with the six months ended August 1, 2020. Additionally, operating cash flows for 2021 reflect a $1.2 billion increase in income tax payments.

Inventory

Inventory was $11.3 billion as of July 31, 2021, compared with $10.7 billion and $8.9 billion at January 30, 2021, and August 1, 2020, respectively. The increase over the balance as of August 1, 2020, reflects efforts to align inventory with sales trends. Additionally, the lower inventory balance as of August 1, 2020, reflected the impact of elevated sell-through rates in longer lead-time merchandise categories.

Investing Cash Flows

Investing cash flows included capital investments of $1.3 billion and $1.4 billion for the six months ended July 31, 2021, and August 1, 2020, respectively. We now expect full-year capital investments of approximately $3.5 billion compared with our previous expectation of $4 billion, reflecting the re-timing of some projects into next year. For the six months ended July 31, 2021, investing cash flows includes $356 million of proceeds from the sale of Dermstore.

Dividends

We paid dividends totaling $336 million ($0.68 per share) and $676 million ($1.36 per share) for the three and six months ended July 31, 2021, respectively, and $330 million ($0.66 per share) and $662 million ($1.32 per share) for the three and six months ended August 1, 2020, respectively, a per share increase of 3.0 percent. We declared dividends totaling $445 million ($0.90 per share) during the second quarter of 2021 and $344 million ($0.68 per share) during the second quarter of 2020, 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

We returned $2.7 billion to shareholders through share repurchase during the six months ended July 31, 2021. See Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds of this Quarterly Report on Form 10-Q and Note 9 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 July 31, 2021, 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. Fitch raised our long-term debt rating from A- to A during the three months ended July 31, 2021.

We obtain short-term financing from time to time under our commercial paper program. No balances were outstanding at any time during the six months ended July 31, 2021, and August 1, 2020. We have additional liquidity through a committed $2.5 billion revolving credit facility that expires in October 2023. No balances were outstanding at any time during 2021 or 2020.

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 July 31, 2021, 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 will continue to be adequate to maintain operations, finance anticipated expansion and strategic initiatives, fund debt maturities, pay dividends, and execute purchases under our share repurchase program for the foreseeable future. We continue to anticipate ample access to commercial paper and long-term financing.

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, the expected impact of changes in information technology systems, future responses to and effects of the COVID-19 pandemic, 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 30, 2021, 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 30, 2021.

Item 4. Controls and Procedures

Changes in Internal Control Over Financial Reporting

During the most recently completed fiscal quarter, the following changes materially affected, or are reasonably likely to materially affect, our internal control over financial reporting:

- We are in the process of a broad multi-year migration of many mainframe-based systems and middleware products to a modern platform, including systems and processes supporting inventory, sales, and supply chain-related transactions.

During the most recently completed fiscal quarter, no other changes in our internal control over financial reporting 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 30, 2021.

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

On September 19, 2019, our Board of Directors authorized a $5 billion share repurchase program with no stated expiration (2019 Program). We began repurchasing shares under the authorization during the first quarter of 2020. On August 11, 2021, our Board of Directors authorized a new, $15 billion share repurchase program with no stated expiration (2021 Program). We expect to begin repurchasing shares under the 2021 Program upon completion of the 2019 Program. Under the 2019 Program, we have repurchased 17.2 million shares of common stock at an average price of $184.62, for a total investment of $3.2 billion. The table below presents information with respect to Target common stock purchases made during the three months ended July 31, 2021, 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
May 2, 2021 through May 29, 2021				
Open market and privately negotiated purchases	1,548,804	$ 211.66	1,548,804	$ 3,023,026,963
May 30, 2021 through July 3, 2021				
Open market and privately negotiated purchases	2,934,662	233.31	2,934,662	2,338,345,656
July 4, 2021 through July 31, 2021				
Open market and privately negotiated purchases	2,081,640	250.98	2,081,640	1,815,885,962
Total	6,565,106	$ 233.81	6,565,106	$ 1,815,885,962

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: August 27, 2021

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

/s/ Robert M. Harrison
Robert M. Harrison
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.

Date: August 27, 2021

/s/ Brian C. Cornell
Brian C. Cornell
Chairman and Chief Executive Officer

Exhibit (31)B

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.

Date: August 27, 2021

/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 July 31, 2021, 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.

Date: August 27, 2021

/s/ Brian C. Cornell
Brian C. Cornell
Chairman and Chief Executive Officer

Exhibit (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

In connection with the Quarterly Report on Form 10-Q of Target Corporation, a Minnesota corporation (“the Company”), for the quarter ended July 31, 2021, 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.

Date: August 27, 2021

/s/ Michael J. Fiddelke
Michael J. Fiddelke
Executive Vice President and Chief Financial Officer