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 May 4, 2024

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)

612 - 304-6073

(Registrant's telephone number, including area code)

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

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" 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 ☒

Total shares of common stock, par value $0.0833, outstanding atMay 24, 2024, were 462,636,573 .

TARGET CORPORATION

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations

	Three Months Ended	
(millions, except per share data) (unaudited)	May 4, 2024	April 29, 2023
Sales	$ 24,143	$ 24,948
Other revenue	388	374
Total revenue	24,531	25,322
Cost of sales	17,449	18,386
Selling, general and administrative expenses	5,168	5,025
Depreciation and amortization (exclusive of depreciation included in cost of sales)	618	583
Operating income	1,296	1,328
Net interest expense	106	147
Net other income	(29)	(23)
Earnings before income taxes	1,219	1,204
Provision for income taxes	277	254
Net earnings	$ 942	$ 950
Basic earnings per share	$ 2.04	$ 2.06
Diluted earnings per share	$ 2.03	$ 2.05
Weighted average common shares outstanding		
Basic	462.2	460.9
Diluted	463.9	462.9
Antidilutive shares	1.6	1.2

See accompanying Notes to Consolidated Financial Statements .

Consolidated Statements of Comprehensive Income

(millions) (unaudited)	Three Months Ended May 4, 2024	Three Months Ended April 29, 2023
Net earnings	$ 942	$ 950
Other comprehensive (loss) / income, net of tax		
Pension benefit liabilities	—	2
Cash flow hedges and currency translation adjustment	(5)	(5)
Other comprehensive loss	(5)	(3)
Comprehensive income	$ 937	$ 947

See accompanying Notes to Consolidated Financial Statements .

Consolidated Statements of Financial Position

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

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

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

See accompanying Notes to Consolidated Financial Statements .

Consolidated Statements of Cash Flows

(millions) (unaudited)	Three Months Ended May 4, 2024	Three Months Ended April 29, 2023
Operating activities		
Net earnings	$ 942	$ 950
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	718	667
Share-based compensation expense	72	43
Deferred income taxes	64	95
Noncash (gains) / losses and other, net	(31)	(11)
Changes in operating accounts:		
Inventory	156	883
Other assets	43	34
Accounts payable	(524)	(1,463)
Accrued and other liabilities	(339)	67
Cash provided by operating activities	1,101	1,265
Investing activities		
Expenditures for property and equipment	(674)	(1,605)
Proceeds from disposal of property and equipment	1	2
Other investments	2	1
Cash required for investing activities	(671)	(1,602)
Financing activities		
Change in commercial paper, net	—	90
Reductions of long-term debt	(32)	(46)
Dividends paid	(508)	(497)
Shares withheld for taxes on share-based compensation	(91)	(118)
Cash required for financing activities	(631)	(571)
Net decrease in cash and cash equivalents	(201)	(908)
Cash and cash equivalents at beginning of period	3,805	2,229
Cash and cash equivalents at end of period	$ 3,604	$ 1,321
Supplemental information		
Leased assets obtained in exchange for new finance lease liabilities	$ 122	$ 15
Leased assets obtained in exchange for new operating lease liabilities	214	54

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 28, 2023	460.3	$ 38	$ 6,608	$ 5,005	$ (419)	$ 11,232
Net earnings	—	—	—	950	—	950
Other comprehensive loss	—	—	—	—	(3)	(3)
Dividends declared	—	—	—	(507)	—	(507)
Stock options and awards	1.3	—	(67)	—	—	(67)
April 29, 2023	461.6	$ 38	$ 6,541	$ 5,448	$ (422)	$ 11,605
Net earnings	—	—	—	835	—	835
Other comprehensive loss	—	—	—	—	(3)	(3)
Dividends declared	—	—	—	(516)	—	(516)
Stock options and awards	—	—	69	—	—	69
July 29, 2023	461.6	$ 38	$ 6,610	$ 5,767	$ (425)	$ 11,990
Net earnings	—	—	—	971	—	971
Other comprehensive loss	—	—	—	—	(5)	(5)
Dividends declared	—	—	—	(513)	—	(513)
Stock options and awards	0.1	—	71	—	—	71
October 28, 2023	461.7	$ 38	$ 6,681	$ 6,225	$ (430)	$ 12,514
Net earnings	—	—	—	1,382	—	1,382
Other comprehensive loss	—	—	—	—	(30)	(30)
Dividends declared	—	—	—	(514)	—	(514)
Stock options and awards	—	—	80	—	—	80
February 3, 2024	461.7	$ 38	$ 6,761	$ 7,093	$ (460)	$ 13,432

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 3, 2024	461.7	$ 38	$ 6,761	$ 7,093	$ (460)	$ 13,432
Net earnings	—	—	—	942	—	942
Other comprehensive loss	—	—	—	—	(5)	(5)
Dividends declared	—	—	—	(516)	—	(516)
Stock options and awards	0.9	1	(14)	—	—	(13)
May 4, 2024	462.6	$ 39	$ 6,747	$ 7,519	$ (465)	$ 13,840

We declared $ 1.10 and $ 1.08 dividends per share for the three months ended May 4, 2024, and April 29, 2023, respectively, and $ 4.38 per share for the fiscal year ended February 3, 2024.

See accompanying Notes to Consolidated Financial Statements .

INDEX TO NOTES

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 most recent 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. Revenue

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).

Revenue	Three Months Ended	
(millions)	May 4, 2024	April 29, 2023
Apparel & accessories [(a)]	$ 3,897	$ 3,967
Beauty [(b)]	3,119	3,016
Food & beverage [(c)]	5,853	5,997
Hardlines [(d)]	3,160	3,391
Home furnishings & décor [(e)]	3,519	3,855
Household essentials [(f)]	4,549	4,666
Other	46	56
Sales	24,143	24,948
Credit card profit sharing	142	174
Other	246	200
Other revenue	388	374
Total revenue	$ 24,531	$ 25,322

(a) Includes apparel for women, men, young adults, kids, toddlers, and babies, as well as jewelry, accessories, and shoes.

(b) Includes skin and bath care, cosmetics, hair care, oral care, deodorant, and shaving products.

(c) Includes dry and perishable grocery, including snacks, candy, beverages, deli, bakery, meat, produce and food service (primarily Starbucks) in our stores.

(d) Includes electronics, including video games and consoles, toys, sporting goods, entertainment, and luggage.

(e) Includes bed and bath, home décor, school/office supplies, storage, small appliances, kitchenware, greeting cards, party supplies, furniture, lighting, home improvement, and seasonal merchandise.

(f) Includes household cleaning, paper products, over-the-counter healthcare, vitamins and supplements, baby gear, and pet supplies .

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 May 4, 2024, February 3, 2024, and April 29, 2023, the accrual for estimated returns was $ 198 million, $ 170 million, and $ 206 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)	February 3, 2024	Gift Cards Issued During Current Period But Not Redeemed [(b)]	Revenue Recognized From Beginning Liability	May 4, 2024
Gift card liability [(a)]	$ 1,162	$ 318	$ (413)	$ 1,067

(a) Included in Accrued and Other Current Liabilities.

(b) Net of estimated breakage.

Other Revenue

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

3. 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	May 4, 2024	February 3, 2024	April 29, 2023
Assets					
Short-term investments	Cash and Cash Equivalents	Level 1	$ 2,726	$ 2,897	$ 408
Prepaid forward contracts	Other Current Assets	Level 1	27	25	25
Interest rate swaps	Other Noncurrent Assets	Level 2	—	—	7
Liabilities					
Interest rate swaps	Other Current Liabilities	Level 2	3	3	—
Interest rate swaps	Other Noncurrent Liabilities	Level 2	154	123	72

Significant Financial Instruments Not Measured at Fair Value [(a)]	May 4, 2024		February 3, 2024		April 29, 2023	
(millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion [(b)]	$ 14,155	$ 13,123	$ 14,151	$ 13,467	$ 14,144	$ 13,672

(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, fair value hedge adjustments, and lease liabilities.

4. Supplier Finance Programs

We have arrangements with several financial institutions to act as our paying agents to certain vendors. The arrangements also permit the financial institutions to provide vendors with an option, at our vendors' sole discretion, to sell their receivables from Target to the financial institutions. A vendor's election to receive early payment at a discounted amount from the financial institutions does not change the amount that we must remit to the financial institutions or our payment date, which is up to 120 days from the invoice date.

We do not pay any fees or pledge any security to these financial institutions under these arrangements. The arrangements can be terminated by either party with notice ranging up to 120 days.

Our outstanding vendor obligations eligible for early payment under these arrangements totaled $ 3.3 billion, $ 3.4 billion, and $ 3.3 billion as of May 4, 2024, February 3, 2024, and April 29, 2023, respectively, and are included within Accounts Payable on our Consolidated Statements of Financial Position. Our outstanding vendor obligations do not represent actual receivables sold by our vendors to the financial institutions, which have historically been lower.

5. Commercial Paper and Long-Term Debt

We obtain short-term financing from time to time under our commercial paper program. There was no commercial paper outstanding at any time during the three months ended May 4, 2024, For the three months ended April 29, 2023, the maximum amount outstanding was $ 90 million, and the average daily amount outstanding was $ 2 million, at a weighted average annual interest rate of 4.8 percent. As of April 29, 2023, $ 90 million was outstanding and is classified within Current Portion of Long-Term Debt and Other Borrowings on our Consolidated Statements of Financial Position.

6. 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 3 to the Consolidated Financial Statements provides the fair value and classification of these instruments.

We were party to interest rate swaps with notional amounts totaling $ 2.45 billion as of May 4, 2024, February 3, 2024, and April 29, 2023. 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 May 4, 2024 and April 29, 2023.

Effect of Hedges on Debt (millions)	May 4, 2024	February 3, 2024	April 29, 2023
Long-term debt and other borrowings			
Carrying amount of hedged debt	$ 2,285	$ 2,316	$ 2,376
Cumulative hedging adjustments, included in carrying amount	(157)	(126)	(65)

Effect of Hedges on Net Interest Expense	Three Months Ended	
(millions)	May 4, 2024	April 29, 2023
Gain (loss) on fair value hedges recognized in Net Interest Expense		
Interest rate swaps designated as fair value hedges	$ (31)	$ 9
Hedged debt	31	(9)
Gain on cash flow hedges recognized in Net Interest Expense	6	6
Total	$ 6	$ 6

7. Pension Benefits

We provide pension plan benefits to eligible team members.

Net Pension Benefits Expense		Three Months Ended	
(millions)	Classification	May 4, 2024	April 29, 2023
Service cost benefits earned	Selling, General, and Administrative (SG&A) Expenses	$ 20	$ 20
Interest cost on projected benefit obligation	Net Other Income	41	41
Expected return on assets	Net Other Income	(70)	(67)
Prior service cost	Net Other Income	—	3
Total		$ (9)	$ (3)

8. Accumulated Other Comprehensive Income (Loss)

Change in Accumulated Other Comprehensive Income (Loss) (millions)	Cash Flow Hedges	Currency Translation Adjustment	Pension	Total
February 3, 2024	$ 283	$ (24)	$ (719)	$ (460)
Amounts reclassified from AOCI, net of tax	(5)	—	—	(5)
May 4, 2024	$ 278	$ (24)	$ (719)	$ (465)

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

Financial Summary

First quarter 2024 included the following notable items:

- GAAP and adjusted diluted earnings per share were $2.03.
- Total revenue was $24.5 billion, a decrease of 3.1 percent from the comparable prior-year period, reflecting a total sales decrease of 3.2 percent and a 3.9 percent increase in other revenue.
- Comparable sales decreased 3.7 percent, reflecting a 1.9 percent decrease in both traffic and average transaction amount.
    - Comparable stores-originated sales declined 4.8 percent.
    - Comparable digitally-originated sales increased 1.4 percent.
- Operating income of $1.3 billion was 2.4 percent lower than the comparable prior-year period.

Cash flow provided by operating activities was $1.1 billion for the three months ended May 4, 2024, compared with $1.3 billion for the three months ended April 29, 2023. The drivers of the operating cash flow decrease are described on page 20.

Earnings Per Share	Three Months Ended		
	May 4, 2024	April 29, 2023	Change
GAAP and adjusted diluted earnings per share	$ 2.03	$ 2.05	(1.0) %

Note: Adjusted diluted earnings per share (Adjusted EPS), a non-GAAP metric, excludes the impact of certain items when applicable. However, there are no adjustments in either period presented. 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 May 4, 2024, after-tax ROIC was 15.4 percent, compared with 11.4 percent for the trailing twelve months ended April 29, 2023. The calculation of ROIC is provided on page 19.

Analysis of Results of Operations

Summary of Operating Income	Three Months Ended		
(dollars in millions)	May 4, 2024	April 29, 2023	Change
Sales	$ 24,143	$ 24,948	(3.2) %
Other revenue	388	374	3.9
Total revenue	24,531	25,322	(3.1)
Cost of sales	17,449	18,386	(5.1)
SG&A expenses	5,168	5,025	2.8
Depreciation and amortization (exclusive of depreciation included in cost of sales)	618	583	6.2
Operating income	$ 1,296	$ 1,328	(2.4) %

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

Note: Gross margin rate is calculated as gross margin (sales less cost of sales) divided by sales. All other rates are calculated by dividing the applicable amount by total revenue.

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 (number of transactions, or "traffic") and the amount spent each visit (average transaction amount).

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

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

Sales by Channel	Three Months Ended	
	May 4, 2024	April 29, 2023
Stores originated	81.7 %	82.5 %
Digitally originated	18.3	17.5
Total	100 %	100 %

Sales by Fulfillment Channel	Three Months Ended	
	May 4, 2024	April 29, 2023
Stores	97.7 %	97.2 %
Other	2.3	2.8
Total	100 %	100 %

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

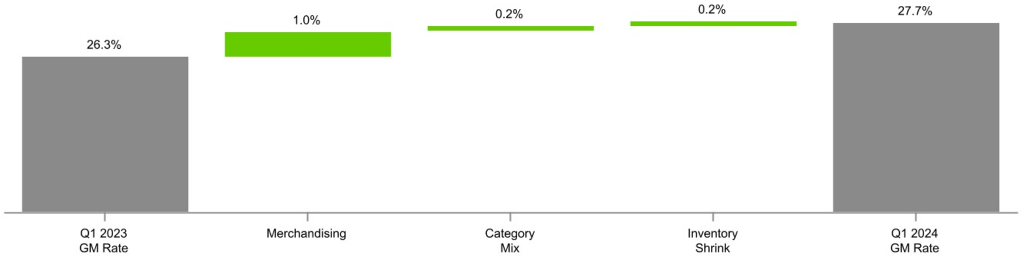
Sales by Product Category	Three Months Ended	
	May 4, 2024	April 29, 2023
Apparel & accessories	16 %	16 %
Beauty	13	12
Food & beverage	24	24
Hardlines	13	14
Home furnishings & décor	15	15
Household essentials	19	19
Total	100 %	100 %

Note 2 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 Target Circle Cards™ (Target Circle Card Penetration) because our internal analysis has indicated that a meaningful portion of the incremental purchases on Target Circle Cards are also incremental sales for Target. Target Circle Cards were formerly branded as RedCards and their sales penetration was referred to as RedCard Penetration. Guests receive a 5 percent discount on virtually all purchases when they use a Target Circle Card at Target. For the three months ended May 4, 2024 and April 29, 2023, total Target Circle Card Penetration was 18.0 percent and 19.0 percent, respectively.

Gross Margin Rate

Quarter-to-Date



For the three months ended May 4, 2024, our gross margin rate was 27.7 percent compared with 26.3 percent in the comparable prior-year period. The increase reflected the net impact of merchandising activities, including cost improvements which more than offset higher promotional markdown rates. Our gross margin rate also benefited from favorable category mix and lower book to physical inventory adjustments compared to the prior-year period.

Selling, General, and Administrative Expense Rate

For the three months ended May 4, 2024, our SG&A expense rate was 21.1 percent compared with 19.8 percent for the comparable prior-year period. The increase reflected the combined impact of lower sales and the net impact of cost increases across our business, including investments in team member pay and benefits and increased marketing activities.

Store Data

Change in Number of Stores	Three Months Ended	
	May 4, 2024	April 29, 2023
Beginning store count	1,956	1,948
Opened	7	6
Closed	—	—
Ending store count	1,963	1,954

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

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

Other Performance Factors

Net Interest Expense

For the three months ended May 4, 2024, net interest expense was $106 million compared with $147 million in the comparable prior-year period. The decrease in net interest expense was primarily due to an increase in interest income.

Provision for Income Taxes

Our effective tax rate for the three months ended May 4, 2024 was 22.7 percent, compared with 21.1 percent in the comparable prior-year period. The increase reflects higher discrete tax benefits in the prior-year period.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

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

Reconciliation of Non-GAAP Adjusted EPS	Three Months Ended	
	May 4, 2024	April 29, 2023
GAAP and adjusted diluted earnings per share	$ 2.03	$ 2.05

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		
(dollars in millions)	May 4, 2024	April 29, 2023	Change
Net earnings	$ 942	$ 950	(0.8)%
+ Provision for income taxes	277	254	9.0
+ Net interest expense	106	147	(27.8)
EBIT	$ 1,325	$ 1,351	(1.9)%
+ Total depreciation and amortization *(a)*	718	667	7.7
EBITDA	$ 2,043	$ 2,018	1.3 %

(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	May 4, 2024 [(a)]	April 29, 2023
Operating income	$ 5,675	$ 3,830
+ Net other income	99	57
EBIT	5,774	3,887
+ Operating lease interest [(b)]	133	96
- Income taxes [(c)]	1,314	770
Net operating profit after taxes	**$ 4,593**	**$ 3,213**

Denominator	May 4, 2024	April 29, 2023	April 30, 2022
Current portion of long-term debt and other borrowings	$ 2,614	$ 200	$ 1,089
+ Noncurrent portion of long-term debt	13,487	16,010	13,379
+ Shareholders' investment	13,840	11,605	10,774
+ Operating lease liabilities [(d)]	3,723	2,921	2,854
- Cash and cash equivalents	3,604	1,321	1,112
Invested capital	$ 30,060	$ 29,415	$ 26,984
Average invested capital [(e)]	**$ 29,737**	**$ 28,199**	
After-tax return on invested capital	**15.4 %**	**11.4 %**	

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

(b) 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 Expenses. 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.

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

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

(e) 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 $3.6 billion, $3.8 billion, and $1.3 billion as of May 4, 2024, February 3, 2024, and April 29, 2023, respectively. Our cash and cash equivalents balance includes short-term investments of $2.7 billion, $2.9 billion, and $408 million as of May 4, 2024, February 3, 2024, and April 29, 2023, 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 $1.1 billion for the three months ended May 4, 2024, compared with $1.3 billion for the three months ended April 29, 2023. The operating cash flow decrease is primarily due to higher incentive compensation and other payments, partially offset by the net impact of inventory and accounts payable activity.

Inventory

Inventory was $11.7 billion as of May 4, 2024, compared with $11.9 billion and $12.6 billion at February 3, 2024 and April 29, 2023, respectively. The balance as of May 4, 2024, reflects cost improvement, including lower freight rates, and the impact of changes in merchandise mix. We have also increased our inventory turnover rate, allowing us to support sales with a lower inventory investment.

Investing Cash Flows

Cash required for investing activities decreased to $0.7 billion for the three months ended May 4, 2024, compared to $1.6 billion for the three months ended April 29, 2023, due to lower capital investments.

Dividends

We paid dividends totaling $508 million ($1.10 per share) for the three months ended May 4, 2024, and $497 million ($1.08 per share) for the three months ended April 29, 2023, a per share increase of 1.9 percent. We declared dividends totaling $516 million ($1.10 per share) during the first quarter of 2024 and $507 million ($1.08 per share) during the first quarter of 2023, a per share increase of 1.9 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 did not repurchase any shares during the three months ended May 4, 2024. See Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds of this Quarterly Report on Form 10-Q 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 May 4, 2024, 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 facilities. Our committed $1.0 billion 364-day and $3.0 billion unsecured revolving credit facilities that will expire in October 2024 and October 2028, respectively, backstop our commercial paper program. No balances were outstanding under either credit facility at any time during 2024 or 2023. There was no commercial paper outstanding as of May 4, 2024, and we had $90 million outstanding as of April 29, 2023. Note 5 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 facilities also contain a debt leverage covenant. We are, and expect to remain, in compliance with these covenants. Additionally, as of May 4, 2024, 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 "anticipate," "believe," "could," "expect," "may," "might," "seek," "will," "would," or similar words. The principal forward-looking statements in this report include statements regarding: our future financial and operational performance, the adequacy of and costs associated with our sources of liquidity, the funding of debt maturities, the 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 February 3, 2024, 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 February 3, 2024.

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

For the quarterly period ended May 4, 2024, 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 February 3, 2024.

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 23.8 million shares of common stock at an average price of $223.52, for a total investment of $5.3 billion. As of May 4, 2024, the dollar value of shares that may yet be purchased under the program is $9.7 billion. There were no Target common stock purchases made during the three months ended May 4, 2024 by Target or any "affiliated purchaser" of Target, as defined in Rule 10b-18(a)(3) under the Exchange Act.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of Target Corporation (as amended through June 9, 2010) (filed as Exhibit (3)A to Target's Current Report on Form 8-K on June 10, 2010 and incorporated herein by reference).
3.2	Bylaws of Target Corporation (as amended and restated through January 11, 2023) (filed as Exhibit 3.2 to Target's Current Report on Form 8-K on January 12, 2023 and incorporated herein by reference).
31.1 **	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 **	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 ***	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 ***	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS **	Inline 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)

** Filed herewith.

*** Furnished herewith.

SIGNATURES

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 31, 2024

By: /s/ Michael J. Fiddelke
Michael J. Fiddelke
Executive Vice President and
Chief Operating Officer 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

Exhibit 31.1

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 31, 2024

/s/ Brian C. Cornell
Brian C. Cornell
Chair of the Board and Chief Executive Officer

Exhibit 31.2

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 31, 2024

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

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
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 May 4, 2024, 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, as adopted 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.

Dated: May 31, 2024

/s/ Brian C. Cornell
Brian C. Cornell
Chair of the Board and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
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 May 4, 2024, 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, as adopted 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.

Dated: May 31, 2024

/s/ Michael J. Fiddelke

Michael J. Fiddelke

Executive Vice President and Chief Operating Officer and Chief Financial Officer