Target Investor Relations

Target Corporation Reports Third Quarter Earnings

MINNEAPOLIS, Nov. 18, 2026 /PRNewswire/ --

- *Third quarter net sales grew 7.1 percent over last year, with comparable sales growth of 5.6 percent driven by a 5.0 percent increase in comparable traffic.*
    - *Store comparable sales grew 4.6 percent, and digital comparable sales grew 9.8 percent.*
    - *Net sales grew across a majority of core merchandising categories versus a year ago, including nearly 27 percent growth in Fun 101, more than 9 percent growth in Beauty, and nearly 7 percent growth in Food and Beverage.*
    - *Net sales grew in all three months of the quarter, with the strongest performance during the Back-to-School and -College seasons.*
    - *On a two-year basis, net sales and traffic growth accelerated relative to the first half of the year.*
    - *Non-merchandise sales grew nearly 20 percent, reflecting strong growth in Roundel ad revenue, Target Circle Card profit sharing revenue, Target Circle 360 membership revenue, and the Target+ marketplace.*
- *Third quarter GAAP and Adjusted EPS[1] were $2.65 compared with last year's GAAP EPS of $1.51 and Adjusted EPS of $1.78.*
    - *Third quarter 2026 results included tariff refund[2] benefits of $0.50. Excluding tariff refunds, GAAP EPS would have increased 42 percent, and Adjusted EPS would have increased 21 percent, when compared with the prior year.*
- *This holiday season, Target will deliver style, design and newness at an incredible value, with more than 8,000 new gifts — over half exclusive to Target — including thousands priced at $5 and under, alongside new AI-powered shopping experiences, a $30 Thanksgiving meal for six[3], and early Black Friday savings and daily deals through December 24th.*
    - *Month-to-date, November net sales are in line with the Company's guidance and expectations, accelerating from October sales trends.*

For additional media materials, please visit:
https://corporate.target.com/news-features/article/2026/11/q3-2026-earnings

Target Corporation (NYSE: TGT) today announced its third quarter 2026 financial results.

The Company reported third quarter GAAP and Adjusted earnings per share (EPS) of $2.65, compared with prior-year GAAP EPS of $1.51 and Adjusted EPS of $1.78. Third quarter 2026 results include $301 million of pretax tariff refund benefits within gross margin and operating income. These gains contributed $228 million to net earnings and $0.50 to both GAAP and Adjusted EPS. The attached tables provide reconciliations of non-GAAP to GAAP measures. All earnings per share figures are calculated on a diluted basis.

"Our third-quarter results reflect continued progress against our strategic priorities, centered on serving busy families with our signature blend of style, design and value," said Michael Fiddelke, Chief Executive Officer of Target. "Our investments are building on one another—creating momentum in our business and further defining our unique lane in retail. As we head into the all-important holiday season, we're focused on offering the best of Target to our guests—from finding just the right gifts for all the people they love to bringing their holiday traditions and celebrations to life—with value they can feel great about."

Guidance[4]

With continued strong performance through the third quarter, the Company has the following updated expectations for 2026:

- Full-year net sales growth in a range around 6 percent, one percentage point higher than the prior guidance range.
- Full-year 2026 operating income margin rate in a range around 6.2 percent, including approximately 1.1 percentage points of benefit from tariff refunds recognized to date.
- An updated GAAP and Adjusted EPS guidance range of $10.65 to $11.40, which includes approximately $2.14 in tariff refund benefits recognized to date.

Additionally, building on the strong returns generated by capital investments in 2026, the Company expects to invest between $5 billion and $6 billion in capital expenditures in 2027.

Operating Results

Net Sales of $27.1 billion in the third quarter were 7.1 percent higher than last year, reflecting a 6.9 percent increase in merchandise sales and a 19.3 percent increase in non-merchandise sales. Comparable sales grew 5.6 percent in the third quarter, reflecting a comparable store sales increase of 4.6 percent and comparable digital sales increase of 9.8 percent. Third quarter operating income, which included a $301 million benefit from tariff refunds, was $1.7 billion, compared with prior-year GAAP operating income of $0.9 billion and Adjusted operating income of $1.1 billion. Operating income margin rate of 6.2 percent, which included 1.1 percentage points of benefit from the tariff refunds, increased meaningfully from the prior-year GAAP operating income margin rate of 3.8 percent and

Adjusted operating income rate of 4.4 percent. Third quarter gross margin rate was 30.5 percent, expanding 2.3 percentage points and reflecting 1.1 percentage points of benefit from tariff refunds. Excluding tariff refunds, third quarter gross margin rate would have expanded approximately 1.2 percentage points over the prior year rate of 28.2 percent, reflecting the comparison against last year's elevated markdowns and tariff rates, as well as growth in non-merchandise sales and the benefit of productivity improvements at supply chain facilities. These benefits were partially offset by elevated freight and fuel-related costs, continued investments in value, and modest pressure from category sales mix. Third quarter GAAP and Adjusted SG&A expense rate was 21.9 percent, compared with prior-year GAAP SG&A expense rate of 21.9 percent and Adjusted SG&A expense rate of 21.3 percent, which excluded non-recurring costs related to our business transformation initiative. This increase in Adjusted SG&A rate reflects the impact of higher incentive compensation, additional store labor hours, as well as planned investments in new and existing stores, partially offset by the leverage benefit of strong topline growth.

Interest Expense and Taxes

The Company's third quarter 2026 net interest expense was $95 million, compared with $115 million last year, reflecting higher interest income in the current year.

Third quarter 2026 effective income tax rate increased to 23.9 percent, compared with the prior year rate of 19.8 percent, primarily driven by higher tax benefits recognized in the prior year as well as higher pretax earnings in the current year.

Capital Deployment and Return on Invested Capital

Third quarter capital expenditures of $1.4 billion were $0.4 billion higher than last year, driven primarily by increased investments in new and existing stores.

The Company paid dividends of $527 million in the third quarter, compared with $518 million last year, reflecting a 1.8 percent increase in the dividend per share.

The Company repurchased $251 million of its shares in the third quarter, retiring 1.6 million shares of common stock at an average price of $155.49. As of the end of the quarter, the Company had approximately $8.0 billion of remaining capacity under the repurchase program approved by Target's Board of Directors in August 2021.

For the trailing twelve months through third quarter 2026, after-tax return on invested capital (ROIC) was 16.5 percent, compared with 13.4 percent for the trailing twelve months through third quarter 2025. The tables in this release provide additional information about the Company's ROIC calculation.

Webcast Details

Target will webcast its third quarter earnings conference call at 7:00 a.m. CT today. Investors and the media are invited to listen to the meeting at Corporate.Target.com/Investors (click on "Q3 2026 Target Corporation Earnings Conference Call" under "Events & Presentations"). A replay of the webcast will be provided when available. The replay number is 1-800-391-9851.

Miscellaneous

Statements in this release regarding the Company's future financial performance, including its fiscal 2026 full-year guidance, future capital expenditures, and strategic plans, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties which could cause the Company's results to differ materially. The most important risks and uncertainties are described in Item 1A of the Company's Form 10-K for the fiscal year ended January 31, 2026. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update any forward-looking statement.

About Target

Target Corporation (NYSE: TGT) brings together style, design and value to offer a distinct assortment and elevated shopping experience across more than 2,000 U.S. stores and online. Powered by more than 400,000 team members, Target serves millions of families each week and invests in the communities where they live and work to support growth and opportunity for all.

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[1] Adjusted EPS, Adjusted selling, general and administrative (SG&A) expenses, Adjusted SG&A expense rate, Adjusted operating income, and Adjusted operating income margin rate, non-GAAP financial measures, exclude the impact of certain discretely managed items, when applicable. See the tables of this release for additional information.

[2] During the three months ended October 31, 2026, we recognized $301 million related to International Emergency Economic Powers Act (IEEPA) tariff refunds ("tariff refunds") received during the third quarter of 2026 as a reduction of Cost of Sales. Note (a) to the Operating Metrics table provides additional information about the impact of tariff refunds.

[3] Prices are pre-tax and for limited timeframes. Offer not valid in Alaska or Hawaii.

[4] The Company's guidance excludes any potential future tariff refunds.

TARGET CORPORATION

Consolidated Statements of Operations

	Three Months Ended			Nine Months Ended		
(millions, except per share data) (unaudited)	October 31, 2026	November 1, 2025	Change	October 31, 2026	November 1, 2025	Change
Net sales	$ 27,067	$ 25,270	7.1 %	$ 79,049	$ 74,327	6.4 %
Cost of sales	18,808	18,137	3.7	54,472	53,168	2.5
Selling, general, and administrative expenses	5,922	5,536	7.0	17,208	15,486	11.1
Depreciation and amortization (exclusive of depreciation included in cost of sales)	665	649	2.3	2,002	1,936	3.4
Operating income	1,672	948	76.4	5,367	3,737	43.6
Net interest expense	95	115	(16.7)	310	346	(10.5)
Net other expense / (income)	(14)	(26)	(41.9)	(27)	(68)	(60.8)
Earnings before income taxes	1,591	859	85.3	5,084	3,459	47.0
Provision for income taxes	380	170	124.0	1,215	799	52.1
Net earnings	$ 1,211	$ 689	75.8 %	$ 3,869	$ 2,660	45.5 %
Basic earnings per share	$ 2.67	$ 1.52	75.7 %	$ 8.52	$ 5.85	45.6 %
Diluted earnings per share	$ 2.65	$ 1.51	74.8 %	$ 8.47	$ 5.84	45.2 %
Weighted average common shares outstanding						
Basic	454.0	453.7	0.1 %	454.1	454.4	(0.1) %
Diluted	457.6	455.1	0.6 %	456.7	455.7	0.2 %
Antidilutive shares	—	2.3		—	2.3	
Dividends declared per share	$ 1.16	$ 1.14	1.8 %	$ 3.46	$ 3.40	1.8 %

TARGET CORPORATION

Consolidated Statements of Financial Position

(millions, except footnotes) (unaudited)	October 31, 2026	January 31, 2026	November 1, 2025
Assets			
Cash and cash equivalents	$ 4,464	$ 5,488	$ 3,822
Inventory	16,144	12,304	14,896
Other current assets	2,512	2,213	1,984
Total current assets	23,120	20,005	20,702
Property and equipment, net	35,408	33,749	33,710
Operating lease assets	3,557	3,703	3,739
Other noncurrent assets	1,964	2,033	1,840
Total assets	$ 64,049	$ 59,490	$ 59,991
Liabilities and shareholders' investment			
Accounts payable	$ 15,514	$ 12,622	$ 13,792
Accrued and other current liabilities	6,639	6,478	6,317
Current portion of long-term debt and other borrowings	1,143	2,130	1,133
Total current liabilities	23,296	21,230	21,242
Long-term debt and other borrowings	14,187	14,326	15,366
Noncurrent operating lease liabilities	3,336	3,462	3,542
Deferred income taxes	2,589	2,265	2,279
Other noncurrent liabilities	2,274	2,042	2,061
Total noncurrent liabilities	22,386	22,095	23,248
Shareholders' investment			
Common stock	38	38	38
Additional paid-in capital	7,425	7,247	7,157
Retained earnings	11,314	9,297	8,777
Accumulated other comprehensive loss	(410)	(417)	(471)
Total shareholders' investment	18,367	16,165	15,501
Total liabilities and shareholders' investment	$ 64,049	$ 59,490	$ 59,991

Common Stock Authorized 6,000,000,000 shares, $0.0833 par value; 452,734,623, 452,840,187, and 452,796,520 shares issued and outstanding as of October 31, 2026, January 31, 2026, and November 1, 2025, respectively.

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

TARGET CORPORATION

Consolidated Statements of Cash Flows

(millions) (unaudited)	Nine Months Ended October 31, 2026	Nine Months Ended November 1, 2025
Operating activities		
Net earnings	$ 3,869	$ 2,660
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	2,405	2,331
Share-based compensation expense	244	197
Deferred income taxes	317	(21)
Noncash (gains) / losses and other, net	26	8
Changes in operating accounts:		
Inventory	(3,840)	(2,156)
Other assets	(131)	(294)
Accounts payable	2,795	658
Accrued and other liabilities	42	102
Cash provided by operating activities	5,727	3,485
Investing activities		
Expenditures for property and equipment	(3,762)	(2,842)
Other	33	52
Cash used in investing activities	(3,729)	(2,790)
Financing activities		
Additions to long-term debt	—	1,984
Reductions of long-term debt	(1,111)	(1,609)
Dividends paid	(1,561)	(1,537)
Repurchase of stock	(253)	(408)
Shares withheld for taxes on share-based compensation	(97)	(65)
Cash used in financing activities	(3,022)	(1,635)
Net decrease in cash and cash equivalents	(1,024)	(940)
Cash and cash equivalents at beginning of period	5,488	4,762
Cash and cash equivalents at end of period	$ 4,464	$ 3,822

TARGET CORPORATION

Operating Results

Net Sales (millions) (unaudited)	Three Months Ended October 31, 2026	Three Months Ended November 1, 2025	Nine Months Ended October 31, 2026	Nine Months Ended November 1, 2025
Apparel & accessories	$ 3,691	$ 3,838	$ 11,629	$ 11,635
Beauty	3,525	3,232	10,562	9,729
Food & beverage	6,406	6,008	18,661	17,499
Hardlines (Fun 101)	4,046	3,190	11,461	9,786
Home furnishings & décor	4,007	3,908	10,912	10,789
Household essentials	4,747	4,542	13,934	13,321
Other merchandise sales	27	34	132	117
Merchandise sales	26,449	24,752	77,291	72,876
Advertising revenue *(a)*	296	241	821	621
Credit card profit sharing	153	119	422	395
Other	169	158	515	435
Net sales	$ 27,067	$ 25,270	$ 79,049	$ 74,327

(a) Primarily represents revenue related to advertising services provided via the Company's Roundel digital advertising business offering. Roundel services are classified as either Net Sales or as a reduction of Cost of Sales or Selling, General, and Administrative (SG&A) Expenses, depending on the nature of the advertising arrangement.

Operating Metrics	Three Months Ended			
(dollars in millions) (unaudited)	October 31, 2026		November 1, 2025	
	Dollars	Rate	Dollars	Rate
Gross margin [(a)]	$ 8,259	30.5 %	$ 7,133	28.2 %
SG&A expenses	5,922	21.9	5,536	21.9
Adjusted SG&A expenses [(b)]	5,922	21.9	5,375	21.3
Depreciation and amortization (exclusive of depreciation included in cost of sales)	665	2.5	649	2.6
Operating income [(a)]	1,672	6.2	948	3.8
Adjusted operating income [(a)(b)]	1,672	6.2	1,109	4.4

Operating Metrics	Nine Months Ended			
(dollars in millions) (unaudited)	October 31, 2026		November 1, 2025	
	Dollars	Rate	Dollars	Rate
Gross margin [(a)]	$ 24,577	31.1 %	$ 21,159	28.5 %
SG&A expenses	17,208	21.8	15,486	20.8
Adjusted SG&A expenses [(b)]	17,208	21.8	15,917	21.4
Depreciation and amortization (exclusive of depreciation included in cost of sales)	2,002	2.5	1,936	2.6
Operating income [(a)]	5,367	6.8	3,737	5.0
Adjusted operating income [(a)(b)]	5,367	6.8	3,305	4.4

Note: Gross margin is calculated as Net Sales less Cost of Sales. All rates are calculated by dividing the applicable amount by Net Sales.

(a) For the three and nine months ended October 31, 2026, Gross margin, Operating income, and Adjusted operating income include $301 million and $1.3 billion benefits from tariff refunds received during 2026, which are classified as a reduction of Cost of Sales. Tariff refunds provided 1.1 and 1.6 percentage points of benefit to Gross margin rate, Operating income margin rate, and Adjusted operating income margin rate for the three and nine month periods, respectively.

(b) For the three and nine months ended November 1, 2025, Adjusted SG&A expenses, Adjusted SG&A expense rate, Adjusted operating income, and Adjusted operating income margin rate, which are non-GAAP measures, exclude the impact of certain items. Management believes that these measures are useful in providing period-to-period comparisons of the results of our operations. The Reconciliation of Non-GAAP Financial Measures tables provide additional information.

Sales Metrics

Comparable sales include all Merchandise Sales, except sales from stores open less than 13 months or that have been closed. Digitally originated sales include all Merchandise Sales initiated through mobile applications and the Company's websites.

Comparable Sales	Three Months Ended		Nine Months Ended	
(unaudited)	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Comparable sales change	5.6 %	(2.7) %	5.0 %	(2.8) %
Drivers of change in comparable sales				
Number of transactions (traffic)	5.0	(2.2)	4.3	(1.9)
Average transaction amount	0.6	(0.5)	0.6	(0.9)

Comparable Sales by Channel	Three Months Ended		Nine Months Ended	
(unaudited)	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Stores originated comparable sales change	4.6 %	(3.8) %	4.0 %	(4.2) %
Digitally originated comparable sales change	9.8	2.4	9.1	3.8

Merchandise Sales by Channel	Three Months Ended		Nine Months Ended	
(unaudited)	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Stores originated	80.2 %	80.7 %	80.1 %	80.7 %
Digitally originated	19.8	19.3	19.9	19.3
Total	100 %	100 %	100 %	100 %

Merchandise Sales by Fulfillment Channel	Three Months Ended	Nine Months Ended

(unaudited)	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Stores	97.4 %	97.7 %	97.5 %	97.7 %
Other	2.6	2.3	2.5	2.3
Total	100 %	100 %	100 %	100 %

Note: Merchandise 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 Same Day Delivery.

Number of Stores and Retail Square Feet	Number of Stores			Retail Square Feet [(a)]		
(unaudited)	October 31, 2026	January 31, 2026	November 1, 2025	October 31, 2026	January 31, 2026	November 1, 2025
170,000 or more sq. ft.	274	273	273	49,045	48,824	48,824
50,000 to 169,999 sq. ft.	1,605	1,576	1,576	201,263	197,274	197,274
49,999 or less sq. ft.	147	146	146	4,460	4,420	4,420
Total	2,026	1,995	1,995	254,768	250,518	250,518

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

TARGET CORPORATION

Reconciliation of Non-GAAP Financial Measures

To provide additional transparency, the Company has disclosed non-GAAP adjusted diluted earnings per share (Adjusted EPS), adjusted SG&A expenses, adjusted SG&A expense rate, adjusted operating income, and adjusted operating income margin rate. When applicable, these measures exclude certain discretely managed items. Management believes this information is useful in providing period-to-period comparisons of the results of Target's operations. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States (GAAP). The most comparable GAAP measures are diluted earnings per share, SG&A expenses, SG&A expense rate, operating income, and operating income margin rate. Adjusted EPS, Adjusted SG&A expenses, Adjusted SG&A expense rate, Adjusted operating income, and Adjusted operating income margin rate should not be considered in isolation or as a substitution for analysis of Target's results as reported in accordance with GAAP. Other companies may calculate these measures differently, or not provide similar measures, limiting the usefulness of the measures for comparisons with other companies.

Reconciliation of Non-GAAP Adjusted EPS	Three Months Ended						
	October 31, 2026			November 1, 2025			
(millions, except per share data) (unaudited)	Pretax	Net of Tax	Per Share	Pretax	Net of Tax	Per Share	Change
GAAP diluted EPS			$ 2.65			$ 1.51	74.8 %
Adjustments							
Business transformation costs [(a)]	$ —	$ —	$ —	$ 161	$ 120	$ 0.26	
Adjusted EPS			$ 2.65			$ 1.78	48.8 %

Reconciliation of Non-GAAP Adjusted EPS	Nine Months Ended						
	October 31, 2026			November 1, 2025			
(millions, except per share data) (unaudited)	Pretax	Net of Tax	Per Share	Pretax	Net of Tax	Per Share	Change
GAAP diluted EPS			$ 8.47			$ 5.84	45.2 %
Adjustments							
Business transformation costs [(a)]	$ —	$ —	$ —	$ 161	$ 120	$ 0.26	
Interchange fee settlements [(b)]	—	—	—	(593)	(441)	(0.97)	
Adjusted EPS			$ 8.47			$ 5.13	65.1 %

Reconciliation of Non-GAAP Adjusted SG&A Expenses and Adjusted Operating Income	Three Months Ended							
	October 31, 2026				November 1, 2025			
	SG&A Expenses		Operating Income[(c)]		SG&A Expenses		Operating Income	
(dollars in millions) (unaudited)	Dollars	Rate	Dollars	Rate	Dollars	Rate	Dollars	Rate
Reported, GAAP measure	$ 5,922	21.9 %	$ 1,672	6.2 %	$ 5,536	21.9 %	$ 948	3.8 %
Adjustments								
Business transformation costs [(a)]	$ —	— %	$ —	— %	$ (161)	(0.6) %	$ 161	0.6 %
Adjusted, Non-GAAP measure	$ 5,922	21.9 %	$ 1,672	6.2 %	$ 5,375	21.3 %	$ 1,109	4.4 %

Reconciliation of Non-GAAP Adjusted SG&A Expenses and Adjusted Operating Income	Nine Months Ended							
	October 31, 2026				November 1, 2025			
	SG&A Expenses		Operating Income [c]		SG&A Expenses		Operating Income	
(dollars in millions) (unaudited)	Dollars	Rate	Dollars	Rate	Dollars	Rate	Dollars	Rate
Reported, GAAP measure	$ 17,208	21.8 %	$ 5,367	6.8 %	$ 15,486	20.8 %	$ 3,737	5.0 %
Adjustments								
Business transformation costs [a]	$ —	— %	$ —	— %	$ (161)	(0.2) %	$ 161	0.2 %
Interchange fee settlements [b]	—	—	—	—	593	0.8	(593)	(0.8)
Adjusted, Non-GAAP measure	$ 17,208	21.8 %	$ 5,367	6.8 %	$ 15,917	21.4 %	$ 3,305	4.4 %

Note: Amounts may not foot due to rounding.

(a) Includes employee severance and related costs, as well as asset impairments and other charges related to the termination of a commercial partnership.

(b) Includes gains, net of legal fees, related to settlements during the first quarter of 2025 of credit card interchange fee litigation matters in which the Company was a plaintiff. The adjustment removes the favorable impact of the settlement gains from prior-year EPS, SG&A expenses and Operating income.

(c) Note (a) to the Operating Metrics tables provides information about the impact of tariff refunds on Gross margin, Gross margin rate, Operating income and Operating income margin rate.

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

After-Tax Return on Invested Capital (dollars in millions) (unaudited)		
	Trailing Twelve Months	
Numerator	October 31, 2026	November 1, 2025
Operating income	$ 6,748	$ 5,204
+ Net other income	54	97
EBIT	6,802	5,301
+ Operating lease interest [a]	171	167
- Income taxes [b]	1,612	1,238
Net operating profit after taxes	**$ 5,361**	**$ 4,230**

Denominator	October 31, 2026	November 1, 2025	November 2, 2024
Current portion of long-term debt and other borrowings	$ 1,143	$ 1,133	$ 1,635
+ Noncurrent portion of long-term debt	14,187	15,366	14,346
+ Shareholders' investment	18,367	15,501	14,489
+ Operating lease liabilities [c]	3,719	3,924	3,765
- Cash and cash equivalents	4,464	3,822	3,433
Invested capital	$ 32,952	$ 32,102	$ 30,802
Average invested capital [d]	**$ 32,527**	**$ 31,451**	
After-tax return on invested capital [e]	**16.5 %**	**13.4 %**	

(a) Represents the add-back to operating income driven by the hypothetical interest expense we would incur if the property under our operating leases was owned or accounted for under finance leases. Calculated using the discount rate for each lease and recorded as a component of rent expense within Operating Income. 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 23.1 percent and 22.6 percent for the trailing twelve months ended October 31, 2026, and November 1, 2025, respectively. For the twelve months ended October 31, 2026, and November 1, 2025, includes tax effect of $1.6 billion and $1.2 billion, respectively, related to EBIT, and $40 million and $38 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.

(e) For the trailing twelve months ended October 31, 2026, includes the impact of tariff refunds, which increased after-tax ROIC by 3.0 percentage points, and business transformation costs incurred in the trailing twelve-month period, which decreased after-tax ROIC by 0.2 percentage points. For the trailing twelve months ended November 1, 2025, includes the net impact of after-tax gains on interchange fee settlements and business transformation costs, which increased after-tax ROIC by 1.0 percentage point. The Reconciliation of Non-GAAP Adjusted EPS and Reconciliation of Non-GAAP Adjusted SG&A Expenses and Adjusted Operating Income tables provide additional information about the impact of business transformation costs and interchange fee settlements.

2026 GAAP EPS, SG&A expenses, SG&A expense rate, operating income, and operating (income) margin rate may include the impact of certain discrete items, which may be excluded in calculating Adjusted EPS, Adjusted SG&A expenses, Adjusted SG&A expense rate, Adjusted operating income, and Adjusted operating income margin rate. The guidance does not currently reflect any such discrete items, which are subject to variability and therefore cannot be reconciled without unreasonable efforts. In the past, these items have included both gains and losses, including certain asset impairments, severance, and other items that are discretely managed.

Reconciliation of Non-GAAP Adjusted EPS Guidance (per share) (unaudited)	Full Year 2026
GAAP diluted earnings per share guidance	$10.65 - $11.40
Estimated adjustments	
Other	
Adjusted diluted earnings per share guidance	$10.65 - $11.40

Note: The guidance includes tariff refund benefits of approximately $2.14 for the nine months ended October 31, 2026, but excludes any potential future refunds.

SOURCE Target Corporation

For further information: Contacts: Justin Madsen, Investors, (612) 761-7314; Joe Poulos, Media, (612) 696-3400

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https://targetiframes.mediaroom.com/2026-11-18-Target-Corporation-Reports-Third-Quarter-Earnings