



A Team that Cares to Grow

Target has completed two fiscal years and started a third since the pandemic began. In that time, we've grown by tens of billions of dollars, through 19-consecutive quarters of comp-store growth, including 11-straight quarters of growth that preceded COVID-19.

Throughout these often difficult months, we've invested more than ever in our team members and their families, contributed to meaningful gains in diversity, equity and inclusion, and organized significant resources through Target Forward to support environmental and social sustainability for the decades ahead.

Everything about these actions and results speaks not to the past but the future—one of continuing care for our stakeholders and profitable growth for the long term.

In the simplest terms, we'll keep growing because we've invested in the team, strategy and capabilities to do what's at the very heart of our company culture: take care of the millions of families who comprise our team and guests, communities, partners and shareholders.

From impetus to implementation

In 40 years in business, I've never seen a better blend between a team's aspirations and the capabilities needed to bring them to life.

As recently as 2017, the main potential for Target lay in our purpose: to help all families discover the joy of everyday life. Back then, we didn't have the tools to perform consistently on the level and scale we envisioned. Now we do, and the results are unmistakable.

At a time when so much in the world around us has been out of our control, staying focused on families—on delivering small doses of everyday joy, on providing both the items families need and those they want—has contributed something distinctive for the millions of people we serve. It has also sparked exceptional business performance.

In 2021, we grew comparable sales by 12.7%, on top of record growth in 2020. Our digital growth continued to outpace the industry, driven by our unique ability to fulfill more than 95% of all sales, physical and digital, from our stores. And we solidified the huge market-share gains we saw in 2020 across our core merchandising categories.

Virtually all of that growth was driven by traffic gains, which means that week after week, more guests keep turning to Target.

Strategic not cyclical

Our record growth of 2020 and our additional expansion of 2021 were enabled by investments we'd made in a unified set of initiatives intended to drive growth over long time horizons.

But even as we celebrate extraordinary near-term progress, we remain much closer to the start of our growth than the end of it.

What's happening in our stores offers an illustration and proof that we're just getting started.

We have locations that grew from \$40 million in sales to \$50 million or \$60 million in the last couple of years, not all of which have received our key long-term growth drivers.

Only about half of our nearly 2,000 stores have been touched by our extensive remodel program. In the years ahead, about 200 more per year will be remodeled, will be optimized for same-day services like Order Pickup and Drive Up, will receive highly popular and productive additions like Ulta Beauty, Disney, Apple or Levi's, or updated and expanded grocery space.

At the same time, we'll open about 30 new stores per year, in a broader range of locations, serving a more diverse guest base than ever. And we'll add significant new supply chain capacity and infrastructure in markets across America.

We'll also continue to invest heavily in our global team, now more than 400,000 strong, knowing they are absolutely essential to our recent and long-term success. In 2021, investments included our industry-leading tuition-reimbursement benefit, our evolved staffing model meant to provide more stable hours and paychecks for our team, and ongoing

pandemic support such as vulnerable leave, vaccination pay and frontline bonuses. Earlier this year, we announced another large investment of up to \$300 million to set a new starting wage range of \$15 to \$24 per hour and to expand access to our healthcare benefits for more team members and their families.

This is very much in keeping with a principle we articulated to an audience of investors earlier this year: that caring for and investing in our team is the best long-term investment we can make in our business.

Performance points to greater potential

Whereas five years ago we saw enormous potential in our purpose, we now have the performance to back it up—and that performance points to even greater potential.

We expect investments like the ones I've mentioned here to keep us growing faster than the market for years to come. To drive mid-single-digit growth in total revenue and operating income, and high-single-digit growth in adjusted earnings per share. We've also raised our expectations for after-tax return on invested capital, to the high 20% to 30% range, a level that puts us in rare air among our retail peers.

In closing, I'll say that no one understands better than our team how much potential is in front of us. When I reflect on how we've pulled together through adversity, and how we're more tightly connected than ever through our culture, I can't think of a team that is better suited to take care of our guests and communities, at a time when taking care seems like the most important thing of all.

We've shown that we have the values to meet this moment, as well as the resources, the momentum, the size, scale

and unified ambition to do so. And that is why I'm convinced that Target will continue to deliver tremendous value for shareholders and all stakeholders for many years to come.



Brian Cornell
Chairman and CEO

References to expected future financial performance are forward looking statements that are subject to risks and uncertainties, including those described in the Risk Factors section of this Annual Report.

Financial Highlights

(Note: Reflects amounts attributable to continuing operations. 2017 was a 53-week year.)

Total Revenue In Millions

2021 Growth: 13.3%

Five-year CAGR: 8.6%

Operating Income In Millions

2021 Growth: 36.8%

Five-year CAGR: 13.0%

Net Earnings In Millions

2021 Growth: 59.0%

Five-year CAGR: 21.1%

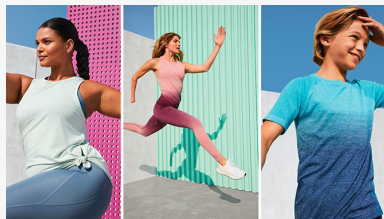
Diluted EPS

2021 Growth: 63.1%
Five-year CAGR: 25.2%

Get the Scoop

Go behind the scenes to find out what's happening at Target.
Here are a few areas to explore.

Lifestyle



Company



Team



Guest Experience



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