



The TJX Companies, Inc. Reports Q1 FY24 Results; Above Plan Pretax Profit Margin of 10.3% and EPS of \$.76; Overall Comp Store Sales Growth of 3% and Marmaxx Comp Store Sales Growth of 5%; Increases FY24 Pretax Profit Margin and EPS Guidance

May 17, 2023

- **Q1 FY24 pretax profit margin was 10.3%, well above the Company’s plan**
- **Q1 FY24 diluted earnings per share were \$.76, well above the Company’s plan**
- **Q1 FY24 overall comp store sales increased 3%, at the high-end of the Company’s plan, driven by an increase in customer traffic**
- **Q1 FY24 comp store sales at Marmaxx increased 5%, driven by very strong sales in apparel and accessories categories**
- **Returned \$841 million to shareholders in Q1 FY24 through share repurchases and dividends**
- **Increases FY24 pretax profit margin and earnings per share guidance**

FRAMINGHAM, Mass.--(BUSINESS WIRE)--May 17, 2023-- The TJX Companies, Inc. (NYSE: TJX), the leading off-price apparel and home fashions retailer in the U.S. and worldwide, today announced sales and operating results for the first quarter ended April 29, 2023. Net sales for the first quarter of Fiscal 2024 were \$11.8 billion, an increase of 3% versus the first quarter of Fiscal 2023. Overall comp store sales increased 3%. Net income for the first quarter of Fiscal 2024 was \$891 million and diluted earnings per share were \$.76, up 55% versus \$.49 in the first quarter of Fiscal 2023. First quarter Fiscal 2024 diluted earnings per share were up 12% versus last year’s first quarter adjusted diluted earnings per share of \$.68, which excluded a \$.19 charge related to a write-down of the Company’s minority investment in Familia.

CEO and President Comments

Ernie Herrman, Chief Executive Officer and President of The TJX Companies, Inc., stated, “I am very pleased with our first quarter performance. Our pretax profit margin and earnings per share both significantly exceeded our plan and our 3% comparable store sales increase was at the high end of our plan. Our comp sales growth was driven by an increase in overall customer traffic and a 5% comp sales increase at Marmaxx, our largest division. HomeGoods’ comp sales were down following extraordinary growth during the pandemic. TJX Canada and TJX International both delivered comp sales growth and customer traffic increases. With our above-plan profit performance we are raising our full-year guidance for both pretax profit margin and earnings per share. The strength and flexibility of our off-price business model, depth of our organization’s expertise, and our wide demographic reach all give me great confidence in our ability to continue to succeed in today’s retail environment. Every day, our global organization is focused on bringing customers around the world excellent values on great fashions and great brands and an exciting, treasure-hunt shopping experience. We are pleased that the second quarter is off to a good start and we are seeing phenomenal off-price buying opportunities in the marketplace. We are set up extremely well to continue shipping fresh and compelling merchandise to our stores and online throughout the spring and summer. Going forward, I am confident that we have significant opportunities to grow sales, drive customer traffic, capture market share, and improve the profitability of our company.”

Comparable Store Sales (FY2024 and FY2023) and Open-Only Comparable Store Sales (FY2022)

The Company’s comparable store sales by division in the first quarter of Fiscal 2024 and Fiscal 2023, and open-only comparable store sales by division in the first quarter of Fiscal 2022 were as follows:

	First Quarter FY2024 Comparable Store Sales ¹	First Quarter FY2023 U.S. Comparable Store Sales ¹	First Quarter FY2022 Open-Only Comparable Store Sales ^{1,2}
Marmaxx (U.S.) ³	+5%	+3%	+12%
HomeGoods (U.S.) ⁴	-7%	-7%	+40%
TJX Canada	+1%	N.A.	+9%
TJX International (Europe & Australia)	+4%	N.A.	+11%
TJX	+3%	N.A.	+16%

¹Comparable store sales exclude e-commerce sites (tjmaxx.com, marshalls.com, homegoods.com, sierra.com, and tkmaxx.com). ²This measure reports the sales increase or decrease of stores classified as comp stores at the beginning of Fiscal 2021 for the days they were open in the first

quarter of Fiscal 2022 against sales of those stores for the same days in Fiscal 2020, prior to the emergence of the COVID-19 global pandemic. ³Combination of Marmaxx (T.J. Maxx and Marshalls) stores and Sierra stores. ⁴Combination of HomeGoods and Homesense stores.

Net Sales by Division

The Company's net sales by division in the first quarter of Fiscal 2024 and Fiscal 2023 were as follows:

	First Quarter Net Sales (\$ in millions) ^{1,2}		First Quarter FY2024 Reported Sales Growth	First Quarter FY2024 Sales Growth on a Constant Currency Basis ³
	FY2024	FY2023		
Marmaxx (U.S.) ⁴	\$7,366	\$6,871	+7%	N.A.
HomeGoods (U.S.) ⁵	\$1,966	\$2,036	-3%	N.A.
TJX Canada	\$1,038	\$1,082	-4%	+3%
TJX International (Europe & Australia) ⁶	\$1,413	\$1,417	0%	+5%
TJX	\$11,783	\$11,406	+3%	+5%

¹Net sales in TJX Canada and TJX International include the impact of foreign currency exchange rates. ²Figures may not foot due to rounding.

³Reflects net sales adjusted for the impact of foreign currency; see Impact of Foreign Currency Exchange Rates, below. ⁴Combination of T.J. Maxx and Marshalls stores and tjmaxx.com and marshalls.com, as well as Sierra stores and sierra.com. ⁵Combination of HomeGoods and Homesense stores, and homegoods.com. ⁶Combination of T.K. Maxx and Homesense stores and tkmaxx.com.

Margins

For the first quarter of Fiscal 2024, the Company's pretax profit margin was 10.3%, well above the Company's plan and above last year's first quarter pretax profit margin of 7.5%. First quarter Fiscal 2024 pretax profit margin was up 0.9 percentage points versus last year's first quarter adjusted pretax profit margin of 9.4%, which excluded a 1.9 percentage point negative impact from a charge related to a write-down of the Company's minority investment in Familia. The Company's above plan pretax profit margin was primarily driven by a larger than expected benefit from freight as well as the timing of some expenses.

Gross profit margin for the first quarter of Fiscal 2024 was 28.9%, a 1.0 percentage point increase versus the first quarter of Fiscal 2023. Merchandise margin increased and was driven by a significant benefit from lower freight costs and strong markon from better buying. Selling, general and administrative (SG&A) costs as a percent of sales for the first quarter of Fiscal 2024 were 19.0%, a 0.6 percentage point increase versus the first quarter of Fiscal 2023. Net interest income benefitted first quarter Fiscal 2024 pretax profit margin by 0.5 percentage points versus the prior year.

Impact of Foreign Currency Exchange Rates

Changes in foreign currency exchange rates affect the translation of sales and earnings of the Company's international businesses into U.S. dollars for financial reporting purposes. In addition, ordinary course, inventory-related hedging instruments are marked to market at the end of each quarter. Changes in currency exchange rates can have a material effect on the magnitude of these translations and adjustments when there is significant volatility in currency exchange rates. Given the global operations of the Company, to facilitate comparability, the Company has provided sales growth and inventory on a constant currency basis, which assumes a constant exchange rate between periods for translation based on the rate in effect for the prior period.

The movement in foreign currency exchange rates had a 1.3 percentage point negative impact on the Company's net sales growth in the first quarter of Fiscal 2024 versus the prior year. The overall net impact of foreign currency exchange rates had a neutral impact on first quarter Fiscal 2024 diluted earnings per share.

A table detailing the impact of foreign currency on TJX's pretax earnings and margins, as well as those of its international businesses, can be found in the Investors section of TJX.com.

The foreign currency exchange rate impact to earnings per share does not include the impact currency exchange rates have on various transactions, which the Company refers to as "transactional foreign exchange."

Inventory

Total inventories as of April 29, 2023 were \$6.4 billion, compared to \$7.0 billion at the end of the first quarter of Fiscal 2023. As a reminder, total inventories in the first quarter of Fiscal 2023 were elevated primarily due to a larger in-transit balance as a result of supply chain delays. Consolidated inventories on a per-store basis as of April 29, 2023, including distribution centers, but excluding inventory in transit, the Company's e-commerce sites, and Sierra stores, were down 5% on a reported basis (with inventory on a constant currency basis down 4%, which reflects inventory adjusted for the impact of foreign currency exchange rates, as described above). The Company is confident it is well-positioned to take advantage of the outstanding availability of quality, branded merchandise in the marketplace and flow fresh merchandise to its stores and online throughout the spring and summer.

Cash and Shareholder Distributions

For the first quarter of Fiscal 2024, the Company generated \$745 million of operating cash flow and ended the quarter with \$5.0 billion of cash.

During the first quarter of Fiscal 2024, the Company returned \$841 million to shareholders. The Company repurchased a total of \$500 million of TJX stock, retiring 6.5 million shares, and paid \$341 million in shareholder dividends during the quarter. The Company continues to expect to repurchase approximately \$2.0 to \$2.5 billion of TJX stock during the fiscal year ending February 3, 2024. The Company may adjust this amount up or down depending on various factors. In addition, the Company increased its dividend by 13% in the first quarter of Fiscal 2024. The Company remains committed to returning cash to its shareholders while continuing to invest in the business to support the near- and long-term growth of TJX.

Pension Payout Offer

The Company will be offering eligible, former TJX Associates who have not yet commenced their pension benefit an opportunity to receive a voluntary lump sum payout of their vested pension plan benefit. As a result, the Company anticipates a non-cash settlement charge, which may negatively impact Fiscal 2024 earnings per share by approximately \$.01 to \$.02. Any actual settlement charge may be higher or lower depending on participation rates and other factors. This potential non-cash settlement charge is expected to be incurred in the third quarter of Fiscal 2024 and would impact the Company's pretax profit margin and earnings per share results. The potential impact of this pension payout offer is not included in the Company's Fiscal 2024 outlook below. The Company expects to exclude the impact of this potential charge from the Company's Fiscal 2024 adjusted pretax profit margin and adjusted earnings per share results.

Second Quarter and Full Year Fiscal 2024 Outlook

For the second quarter of Fiscal 2024, the Company is planning overall comparable store sales to be up 2% to 3%. For the second quarter of Fiscal 2024, the Company expects pretax profit margin to be in the range of 9.3% to 9.5% and diluted earnings per share to be in the range of \$.72 to \$.75.

For the fiscal year ending February 3, 2024, the Company continues to plan overall comparable store sales to be up 2% to 3%. For the 53-week fiscal year ending February 3, 2024, the Company is increasing its expectations for pretax profit margin to a range of 10.3% to 10.5% and diluted earnings per share to be in the range of \$3.49 to \$3.58. The Company's full-year guidance includes an expected pretax margin benefit of approximately 0.1 percentage point and a diluted earnings per share benefit of approximately \$.10 due to the 53rd week in the Company's Fiscal 2024 calendar. Excluding these expected benefits, the Company now expects full-year Fiscal 2024 adjusted pretax profit margin to be in the range of 10.2% to 10.4% and adjusted diluted earnings per share to be in the range of \$3.39 to \$3.48.

Stores by Concept

During the first quarter ended April 29, 2023, the Company increased its store count by 30 stores to a total of 4,865 stores and increased square footage by 0.5% versus the prior quarter.

	Store Locations ¹		Gross Square Feet ²	
	First Quarter FY2024	First Quarter FY2024	First Quarter FY2024	First Quarter FY2024
	Beginning	End	Beginning	End
In the U.S.:				
T.J. Maxx	1,299	1,304	35.3	35.4
Marshalls	1,183	1,189	33.4	33.5
HomeGoods	894	901	20.8	20.9
Sierra	78	81	1.6	1.7
Homesense	46	49	1.2	1.3
In Canada:				
Winners	297	298	8.1	8.1
HomeSense	151	152	3.5	3.5
Marshalls	106	106	2.8	2.8
In Europe:				
T.K. Maxx	629	632	17.6	17.6
Homesense	78	78	1.5	1.5
In Australia:				
T.K. Maxx	74	75	1.6	1.6
TJX	4,835	4,865	127.4	128.0

¹Store counts above include both banners within a combo or a superstore.

²Square feet figures may not foot due to rounding.

Comparable Store Sales

For Fiscal 2023 and 2024, the Company returned to its historical definition of comparable store sales. However, while stores in the U.S. were open for all of Fiscal 2022, a significant number of stores in TJX Canada and TJX International (Europe and Australia) experienced COVID-related temporary store closures and government-mandated shopping restrictions during Fiscal 2022. Therefore, in Fiscal 2023, the Company could not measure year-over-year comparable store sales with Fiscal 2022 in these geographies in a meaningful way. As a result, the comparable stores included in the Fiscal 2023 measure consisted of U.S. stores only, which, for clarity, the Company referred to as U.S. comparable store sales and are calculated against sales for the comparable periods in Fiscal 2022. For Fiscal 2022, due to the temporary closing of stores as a result of the COVID-19 global pandemic, the Company reported open-only comparable store sales. This measure reported the sales increase or decrease of stores initially classified as comp stores at the beginning of Fiscal 2021 for the days they were open in Fiscal 2022 against sales of those stores for the same days in Fiscal 2020.

About The TJX Companies, Inc.

The TJX Companies, Inc. is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide. As of April 29, 2023, the end of the Company's first quarter, the Company operated a total of 4,865 stores in nine countries, the United States, Canada, the United Kingdom, Ireland, Germany, Poland, Austria, the Netherlands, and Australia, and five e-commerce sites. These include 1,304 T.J. Maxx, 1,189 Marshalls, 901 HomeGoods, 81 Sierra, and 49 Homesense stores, as well as tjmaxx.com, marshalls.com, homegoods.com, and sierra.com, in the United States; 298 Winners, 152 HomeSense, and 106 Marshalls stores in Canada; 632 T.K. Maxx and 78 Homesense stores, as well as tkmaxx.com, in Europe; and 75 T.K. Maxx stores in Australia. TJX's press releases and financial information are available at TJX.com.

First Quarter Fiscal 2024 Earnings Conference Call

At 11:00 a.m. ET today, Ernie Herrman, Chief Executive Officer and President of TJX, will hold a conference call to discuss the Company's first quarter Fiscal 2024 results, operations, and business trends. A real-time webcast of the call will be available to the public at [TJX.com](https://www.tjx.com). A replay of the call will also be available by dialing (866) 367-5577 (toll free) or (203) 369-0233 through Tuesday, May 23, 2023, or at [TJX.com](https://www.tjx.com).

Non-GAAP Financial Information

The Company has used non-GAAP financial measures in this press release. Non-GAAP financial measures refer to financial information adjusted to exclude or include, as applicable, from financial measures prepared in accordance with accounting principles generally accepted in the United States (GAAP), items identified in this press release. Non-GAAP financial measures used in this press release include sales growth on a constant currency basis, inventory on a constant currency basis, adjusted pretax profit margin, and adjusted diluted earnings per share. The Company believes that the presentation of adjusted financial measures is useful to investors as it provides additional information on comparisons between periods by excluding certain items that affect overall comparability. The Company uses these non-GAAP financial measures for business planning purposes, to consider underlying trends of its business, and in measuring its performance relative to others in the market, and believes presenting these measures also provides information to investors and others for understanding and evaluating trends in the Company's operating results or measuring performance in the same manner as the Company's management. Non-GAAP financial measures should be considered in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. The use of these non-GAAP financial measures may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures.

Important Information at Website

Archived versions of the Company's conference calls are available in the Investors section of [TJX.com](https://www.tjx.com) after they are no longer available by telephone, as are reconciliations of non-GAAP financial measures to GAAP financial measures and other financial information. The Company routinely posts information that may be important to investors in the Investors section at [TJX.com](https://www.tjx.com). The Company encourages investors to consult that section of its website regularly.

Forward-looking Statement

Various statements made in this release are forward-looking, and are inherently subject to a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements, including, among others, statements regarding the Company's anticipated operating and financial performance, business plans and prospects, dividends and share repurchases, the Company's plans related to and expected impact of a pension payout offer, and second quarter and Fiscal 2024 outlook. These statements are typically accompanied by the words "aim," "anticipate," "aspire," "believe," "continue," "could," "should," "estimate," "expect," "forecast," "goal," "hope," "intend," "may," "plan," "project," "potential," "seek," "strive," "target," "will," "would," or similar words, although not all forward-looking statements contain these identifying words. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Applicable risks and uncertainties include, among others, execution of buying strategy and inventory management; customer trends and preferences; competition; various marketing efforts; operational and business expansion; management of large size and scale; the ongoing COVID-19 pandemic and associated containment and remediation efforts; merchandise sourcing and transport; data security and maintenance and development of information technology systems; labor costs and workforce challenges; personnel recruitment, training and retention; corporate and retail banner reputation; evolving corporate governance and public disclosure regulations and expectations with respect to environmental, social and governance matters; expanding international operations; fluctuations in quarterly operating results and market expectations; inventory or asset loss; cash flow; mergers, acquisitions, or business investments and divestitures, closings or business consolidations; real estate activities; economic conditions and consumer spending; market instability; severe weather, serious disruptions or catastrophic events; disproportionate impact of disruptions in the second half of the fiscal year; commodity availability and pricing; fluctuations in currency exchange rates; compliance with laws, regulations and orders and changes in laws, regulations and applicable accounting standards; outcomes of litigation, legal proceedings and other legal or regulatory matters; quality, safety and other issues with our merchandise; tax matters; and other factors that may be described in our filings with the Securities and Exchange Commission (the "SEC"), including our most recent Annual Report on Form 10-K filed with the SEC. You are encouraged to read our filings with the SEC, available at www.sec.gov, for a discussion of these and other risks and uncertainties. We caution investors, potential investors and others not to place considerable reliance on the forward-looking statements contained in this release. The forward-looking statements in this release speak only as of the date of this release, and we do not undertake any obligation to publicly update or revise our forward-looking statements, even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.

The TJX Companies, Inc. and Consolidated Subsidiaries
Financial Summary
(Unaudited)
(In Millions Except Per Share Amounts)

	<u>Thirteen Weeks Ended</u>	
	April 29, 2023	April 30, 2022
Net sales	\$ 11,783	\$ 11,406
Cost of sales, including buying and occupancy costs	8,374	8,223
Selling, general and administrative expenses	2,238	2,094
Impairment on equity investment	—	218
Interest (income) expense, net	(37)	19
Income before income taxes	1,208	852
Provision for income taxes	317	265
Net income	\$ 891	\$ 587
Diluted earnings per share	\$ 0.76	\$ 0.49

Cash dividends declared per share	\$ 0.3325	\$ 0.295
Weighted average common shares – diluted	1,165	1,189

The TJX Companies, Inc. and Consolidated Subsidiaries
Condensed Balance Sheets
(Unaudited)
(In Millions)

	April 29, 2023	April 30, 2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,025	\$ 4,295
Accounts receivable and other current assets	1,129	1,195
Merchandise inventories	6,441	6,990
Total current assets	12,595	12,480
Net property at cost	5,899	5,289
Operating lease right of use assets	9,177	9,067
Goodwill	95	97
Other assets	915	777
Total assets	\$28,681	\$27,710
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	\$ 4,304	\$ 4,371
Accrued expenses and other current liabilities	4,121	4,072
Current portion of operating lease liabilities	1,609	1,576
Current portion of long-term debt	500	—
Total current liabilities	10,534	10,019
Other long-term liabilities	865	909
Non-current deferred income taxes, net	133	54
Long-term operating lease liabilities	7,867	7,777
Long-term debt	2,860	3,356
Shareholders' equity	6,422	5,595
Total liabilities and shareholders' equity	\$28,681	\$27,710

The TJX Companies, Inc. and Consolidated Subsidiaries
Condensed Statements of Cash Flows
(Unaudited)
(In Millions)

	<u>Thirteen Weeks Ended</u>	
	April 29, 2023	April 30, 2022
Cash flows from operating activities:		
Net income	\$ 891	\$ 587
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	232	220
Impairment on equity investment	—	218
Deferred income tax provision	16	12
Share-based compensation	34	27
Changes in assets and liabilities:		
(Increase) in accounts receivable and other assets	(37)	(99)
(Increase) in merchandise inventories	(624)	(1,085)
Decrease in income taxes recoverable	73	61
Increase (decrease) in accounts payable	507	(53)

(Decrease) in accrued expenses and other liabilities	(364)	(488)
(Decrease) in net operating lease liabilities	(1)	(4)
Other, net	18	(30)
Net cash provided by (used in) operating activities	<u>745</u>	<u>(634)</u>
Cash flows from investing activities:		
Property additions	(361)	(314)
Purchase of investments	(11)	(16)
Sales and maturities of investments	10	6
Net cash (used in) investing activities	<u>(362)</u>	<u>(324)</u>
Cash flows from financing activities:		
Payments for repurchase of common stock	(492)	(607)
Cash dividends paid	(343)	(309)
Proceeds from issuance of common stock	28	18
Other	(30)	(33)
Net cash (used in) financing activities	<u>(837)</u>	<u>(931)</u>
Effect of exchange rate changes on cash	<u>2</u>	<u>(43)</u>
Net (decrease) in cash and cash equivalents	(452)	(1,932)
Cash and cash equivalents at beginning of year	<u>5,477</u>	<u>6,227</u>
Cash and cash equivalents at end of period	<u>\$ 5,025</u>	<u>\$ 4,295</u>

The TJX Companies, Inc. and Consolidated Subsidiaries
Selected Information by Major Business Segment
(Unaudited)
(In Millions)

	Thirteen Weeks Ended	
	April 29, 2023	April 30, 2022
Net sales:		
In the United States:		
Marmaxx	\$ 7,366	\$ 6,871
HomeGoods	1,966	2,036
TJX Canada	1,038	1,082
TJX International	1,413	1,417
Total net sales	<u>\$ 11,783</u>	<u>\$ 11,406</u>
Segment profit:		
In the United States:		
Marmaxx	\$ 1,028	\$ 904
HomeGoods	144	122
TJX Canada	117	127
TJX International	38	13
Total segment profit	1,327	1,166
General corporate expense	156	77
Impairment on equity investment	—	218
Interest (income) expense, net	(37)	19
Income before income taxes	<u>\$ 1,208</u>	<u>\$ 852</u>

The TJX Companies, Inc. and Consolidated Subsidiaries
Notes to Consolidated Condensed Statements

1. During the first quarter ended April 29, 2023, the Company returned over \$0.8 billion to shareholders, repurchasing and retiring 6.5 million shares of its common stock at a cost of \$0.5 billion on a "trade date" basis and paying \$0.3 billion in shareholder dividends. In February 2023, the Company announced that the Board of Directors had approved a new stock repurchase program that authorized the repurchase of up to an additional \$2.0 billion of TJX common stock from time to time. Under this program and a previously announced program, TJX had approximately \$3.0 billion available for repurchase as of April 29, 2023. TJX records the repurchase of its stock on a cash basis, and the amounts reflected in the financial

statements may vary from the above amounts due to the timing of settlement of repurchases.

2. During Fiscal 2023, the Company announced and completed the divestiture of its minority investment in Familia. As a result, the Company recorded an impairment charge of \$218 million in the first quarter of Fiscal 2023 representing the entire carrying value of the investment. This charge had a \$0.19 negative impact on diluted earnings per share for the first quarter of Fiscal 2023. Subsequently, the Company realized a \$54 million tax benefit when the Company completed the divestiture of this investment during the third quarter of Fiscal 2023. Together, these resulted in a net \$0.14 negative impact on diluted earnings per share for the fiscal year ended January 28, 2023.

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