

The TJX Companies, Inc.
Financial Reconciliations

Explanation of Non-GAAP Financial Measures

The Company reports its financial results in accordance with generally accepted accounting principles in the U.S. (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods and between results in prior periods and expectations for future periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

The tables below provide supplemental non-GAAP financial data and corresponding reconciliations to GAAP financial measures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

Table 1: Reconciliation of Reported Earnings Per Share from Continuing Operations

| | <u>Q3</u> | | <u>Q3 YTD</u> | |
|--|----------------------|----------------------|----------------------|----------------------|
| | <u>FY18</u> | <u>FY19</u> | <u>FY18</u> | <u>FY19</u> |
| EPS from continuing operations | \$0.50 | \$0.61 | \$1.33 | \$1.75 |
| <i>Y/Y EPS Growth</i> | | <i>22%</i> | | <i>32%</i> |
| <u>Adjustments for items impacting comparability</u> | | | | |
| Pension settlement charge ⁽¹⁾ | | <i>0.02</i> | | <i>0.02</i> |
| FY19 tax-related items ⁽²⁾ | | <i>(0.09)</i> | | <i>(0.26)</i> |
| Adjusted EPS excluding charges | <u>\$0.50</u> | <u>\$0.54</u> | <u>\$1.33</u> | <u>\$1.52</u> |
| <i>Adjusted Y/Y EPS Growth</i> | | <i>8%</i> | | <i>14%</i> |

Note: Figures may not foot due to rounding.

(1) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

(2) Reflects an estimated benefit related to the 2017 Tax Cuts and Jobs Act ("2017 Tax Act") (primarily the lower U.S. corporate income tax rate).

Table 2: Reconciliation of Q3 FY18 to Q3 FY19 Margins ⁽¹⁾

| <u>FY18 Q3:</u> | Total TJX | Marmaxx | HomeGoods | TJX Canada | TJX International |
|--|--------------|---------|-----------|--------------|-------------------|
| FY18 Q3 profit margin | 11.6% | 12.6% | 13.3% | 21.0% | 7.0% |
| <i>Impact of foreign currency ⁽²⁾</i> | <u>(0.3)</u> | - | - | <u>(3.0)</u> | <u>(0.7)</u> |
| FY18 Q3 adjusted profit margin ex-fx | 11.3% | 12.6% | 13.3% | 18.0% | 6.3% |
| <u>FY19 Q3:</u> | | | | | |
| FY19 Q3 profit margin | 10.7% | 12.8% | 11.3% | 17.6% | 7.6% |
| <i>Pension settlement charge ⁽³⁾</i> | 0.4 | - | - | - | - |
| FY19 Q3 adjusted profit margin excluding Q3 charge | 11.0% | 12.8% | 11.3% | 17.6% | 7.6% |
| <i>Impact of foreign currency ⁽²⁾</i> | <u>0.1</u> | - | - | <u>(0.2)</u> | <u>0.6</u> |
| FY19 Q3 adjusted profit margin ex-fx | 11.1% | 12.8% | 11.3% | 17.4% | 8.2% |

Note: Figures may not foot due to rounding.

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore Q3 FY18 does not include an adjustment for translation.

(3) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

Table 3: Reconciliation of Q4 FY18 to Q4 FY19 Estimated Earnings per Share

| | Q4 | | |
|--|----------------------|----------------------|----------------------|
| | <u>FY18</u> | FY19 Q4 Guidance | |
| | | <u>Low</u> | <u>High</u> |
| EPS from continuing operations | \$0.69 | \$0.66 | \$0.67 |
| <i>Y/Y EPS Growth</i> | | <i>(4%)</i> | <i>(3%)</i> |
| <u>Adjustments for items impacting comparability</u> | | | |
| <i>Impairment charge ⁽¹⁾</i> | <i>\$0.05</i> | | |
| <i>Estimated 53rd week impact</i> | <i>(\$0.06)</i> | | |
| <i>Tax-related items ⁽²⁾</i> | <i>(\$0.09)</i> | <i>(0.10)</i> | <i>(0.10)</i> |
| Adjusted EPS | <u>\$0.59</u> | <u>\$0.56</u> | <u>\$0.57</u> |
| <i>Adjusted Y/Y EPS Growth</i> | | <i>(5%)</i> | <i>(3%)</i> |

Note: Figures may not foot due to rounding.

(1) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra Trading Post.

(2) For FY18 reflects benefits related to the 2017 Tax Act, offset by charges from a special, discretionary bonus to eligible, non-bonus plan Associates; incremental contributions to the Company's defined contribution retirement plans and contributions to the Company's charitable foundations. For FY19 reflects an estimated benefit related to the 2017 Tax Act (primarily the lower U.S. corporate income tax rate).

Table 4: Reconciliation of FY18 to FY19 Estimated Earnings per Share

| | FY | | |
|--|----------------------|--------------------------------|----------------------|
| | <u>FY18</u> | FY19 Full Year Guidance | |
| | | <u>Low</u> | <u>High</u> |
| EPS from continuing operations | \$2.02 | \$2.41 | \$2.43 |
| <i>Y/Y EPS Growth</i> | | 19% | 20% |
| <u>Adjustments for items impacting comparability</u> | | | |
| <i>Impairment charge ⁽¹⁾</i> | <i>\$0.05</i> | | |
| <i>Impact of 53rd week</i> | <i>(0.06)</i> | | |
| <i>Tax-related items ⁽²⁾</i> | <i>(0.09)</i> | <i>(0.36)</i> | <i>(0.36)</i> |
| <i>Pension settlement charge ⁽³⁾</i> | | <i>0.02</i> | <i>0.02</i> |
| Adjusted EPS | <u>\$1.93</u> | <u>\$2.08</u> | <u>\$2.09</u> |
| <i>Adjusted Y/Y EPS Growth</i> | | 8% | 8% |

Note: Figures may not foot due to rounding.

(1) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra Trading Post.

(2) For FY18 reflects benefits related to the 2017 Tax Act, offset by charges from a special, discretionary bonus to eligible, non-bonus plan Associates; incremental contributions to the Company's defined contribution retirement plans and contributions to the Company's charitable foundations. For FY19 reflects an estimated benefit related to the 2017 Tax Act (primarily the lower U.S. corporate income tax rate).

(3) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

Table 5: Reconciliation of Q4 FY18 to Q4 FY19 Estimated Margins ^{(1), (2)}

| <u>FY18 Q4 Actual:</u> | <u>Total TJX</u> |
|--|------------------|
| FY18 profit margin on a GAAP basis | 10.1% |
| <i>FY18 tax-related items ⁽³⁾</i> | 0.9 |
| <i>Impairment charge ⁽⁴⁾</i> | 0.9 |
| <i>Impact of 53rd week</i> | <u>(0.4)</u> |
| FY18 adjusted profit margin excluding Q4 charges and 53 rd week | 11.5% |
| <i>Impact of foreign currency ⁽⁵⁾</i> | <u>0.1</u> |
| FY18 adjusted profit margin ex-fx, Q4 charges and 53 rd week | 11.6% |
| | |
| FY19 Q4 Guidance: | |
| FY19 estimated profit margin on a GAAP basis | 10.4% - 10.5% |
| <i>Estimated impact of foreign currency ⁽⁵⁾</i> | <u>0.1</u> |
| FY19 estimated adjusted profit margin ex-fx | 10.5% - 10.6% |

Note: Figures may not foot due to rounding.

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) FY18 was a 53-week year.

(3) Q4 FY18 reflects benefits related to the 2017 Tax Act, offset by charges from a special, discretionary bonus to eligible, non-bonus plan Associates; incremental contributions to the Company's defined contribution retirement plans and contributions to the Company's charitable foundations.

(4) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra Trading Post.

(5) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY18 does not include an adjustment for translation.

Table 6: Reconciliation of FY18 to FY19 Estimated Margins ^{(1), (2)}

| FY18 Full Year Actual: | Total TJX | Marmaxx | HomeGoods | TJX Canada | TJX International |
|--|---------------|---------------|---------------|---------------|-------------------|
| FY18 profit margin on a GAAP basis | 10.8% | 13.3% | 13.2% | 14.6% | 5.1% |
| <i>FY18 tax-related items</i> ⁽³⁾ | 0.3 | - | - | - | - |
| <i>Impairment charge</i> ⁽⁴⁾ | 0.3 | 0.4 | - | - | - |
| <i>Impact of 53rd week</i> | <u>(0.1)</u> | <u>(0.1)</u> | <u>(0.2)</u> | <u>(0.1)</u> | <u>(0.2)</u> |
| FY18 adjusted profit margin excluding Q4 charges and 53 rd week | 11.2% | 13.6% | 13.0% | 14.4% | 4.9% |
| <i>Impact of foreign currency</i> ⁽⁵⁾ | <u>0.0</u> | <u>-</u> | <u>-</u> | <u>0.1</u> | <u>0.1</u> |
| FY18 adjusted profit margin ex-fx, Q4 charges and 53 rd week | 11.2% | 13.6% | 13.0% | 14.5% | 5.0% |
| FY19 Full Year Guidance: | | | | | |
| FY19 estimated profit margin on a GAAP basis | 10.7% - 10.7% | 13.5% - 13.5% | 11.3% - 11.4% | 14.5%- 14.6% | 5.2%- 5.3% |
| <i>Pension settlement charge</i> ⁽⁶⁾ | <u>0.1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FY19 estimated adjusted profit margin excluding Q3 charge | 10.7% - 10.8% | 13.5% - 13.5% | 11.3% - 11.4% | 14.5%- 14.6% | 5.2%- 5.3% |
| <i>Estimated impact of foreign currency</i> ⁽⁵⁾ | <u>0.0</u> | <u>-</u> | <u>-</u> | <u>(0.2)</u> | <u>0.0</u> |
| FY19 estimated adjusted profit margin ex-fx | 10.7% - 10.8% | 13.5% - 13.5% | 11.3% - 11.4% | 14.3% - 14.4% | 5.2% - 5.3% |

Note: Figures may not foot due to rounding.

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) FY18 was a 53-week year.

(3) For FY18 reflects benefits related to the 2017 Tax Act, offset by charges from a special, discretionary bonus to eligible, non-bonus plan Associates; incremental contributions to the Company's defined contribution retirement plans and contributions to the Company's charitable foundations.

(4) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra Trading Post.

(5) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY18 does not include an adjustment for translation.

(6) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

Table 7: Reconciliation of Q4 and Full Year FY18 Gross Margin and Selling, General and Administrative Expenses

| <u>Gross Margin</u> | <u>Q4</u> | <u>FY18</u> |
|--|------------------|--------------------|
| FY18 gross margin | 28.4% | 28.9% |
| <i>Impact of extra week</i> | <u>(0.4)</u> | <u>(0.1)</u> |
| FY18 adjusted gross margin | <u>27.9%</u> | <u>28.8%</u> |
| | | |
| <u>Selling, General and Administrative Expenses</u> | | |
| FY18 selling, general and administrative expenses | 17.3% | 17.8% |
| <i>FY18 tax-related items ⁽¹⁾</i> | (0.9) | (0.3) |
| <i>Impact of extra week</i> | <u>0.0</u> | <u>0.0</u> |
| FY18 adjusted selling, general and administrative expenses | <u>16.4%</u> | <u>17.5%</u> |

Note: Figures may not foot due to rounding.

(1) Reflects benefits related to the 2017 Tax Act, offset by charges from a special, discretionary bonus to eligible, non-bonus plan Associates; incremental contributions to the Company's defined contribution retirement plans and contributions to the Company's charitable foundations.