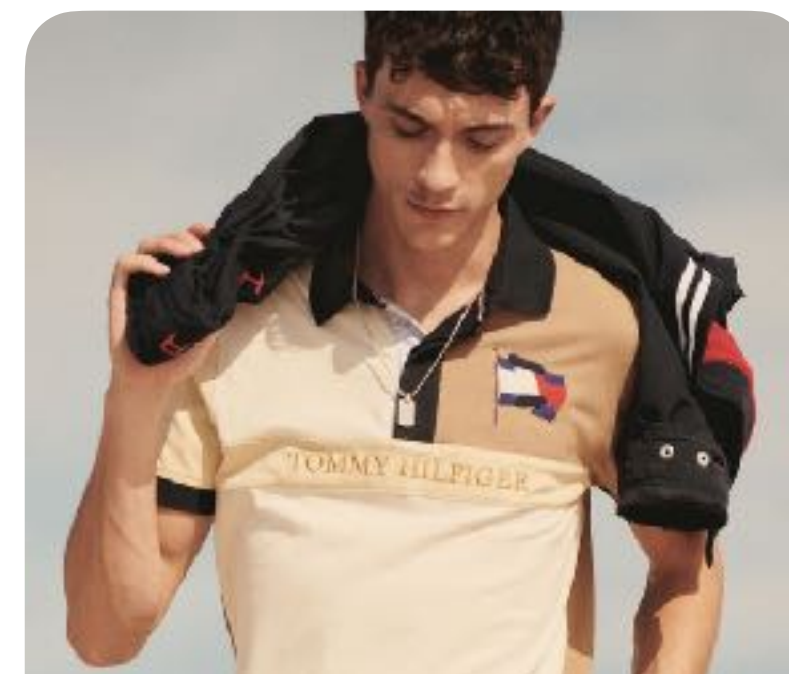




KOHL'S

Q2 2022 Results Presentation

August 18, 2022



Cautionary Statement Regarding Forward-Looking Information

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "anticipates," "plans," "may," "intends," "will," "should," "expects," and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, comments about Kohl's future financial plans, capital generation, management and deployment strategies, adequacy of capital resources and the competitive environment. Such statements are subject to certain risks and uncertainties, which could cause Kohl's actual results to differ materially from those anticipated by the forward looking statements. These risks and uncertainties include, but are not limited to, risks described more fully in Item 1A in the Company's Annual Report on Form 10-K and Item 1A of Part II of the Company's Quarterly Report on Form 10-Q for the first quarter of fiscal 2022, which are expressly incorporated herein by reference, and other factors as may periodically be described in the Company's filings with the SEC. Any number of risks and uncertainties could cause actual results to differ materially from those Kohl's expresses in its forward-looking statements, including macroeconomic conditions such as inflation and the long-term impact of COVID-19 on the economy and the pace of recovery thereafter. Forward-looking statements speak as of the date they are made, and Kohl's undertakes no obligation to update them.

Non-GAAP Financial Measures

In addition, this presentation contains non-GAAP financial measures, including Free Cash Flow. Reconciliations of all non-GAAP measures to the most directly comparable GAAP measures are included in the Appendix of this presentation.



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Q2 2022 Results

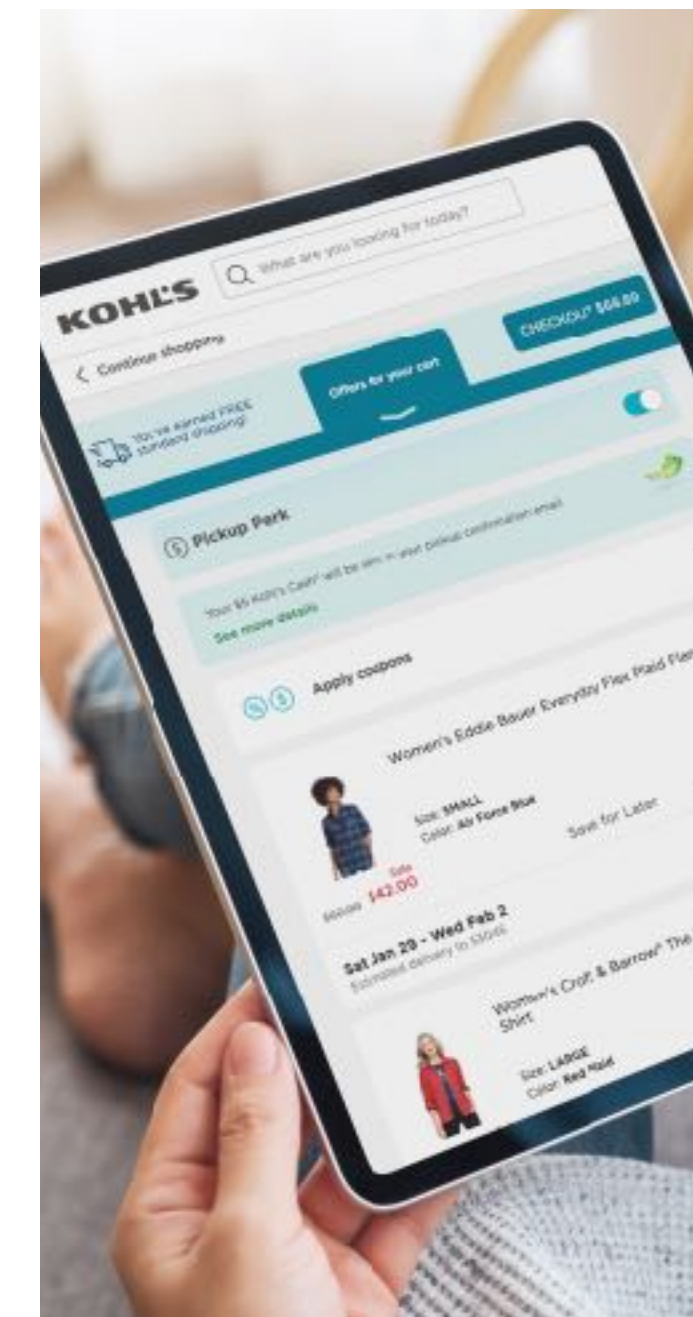
Q2 2022 Summary

Key Takeaways

- A weakening macro environment, high inflation and dampened consumer spending are having broad implications across much of retail, especially in discretionary categories like apparel. Given our penetration in these discretionary categories, this is disproportionately impacting Kohl's.
- Our Q2 results reflect a middle-income customer that has become more cost conscious and is feeling greater pressure on their budget -- we are seeing customers make fewer shopping trips, spend less per transaction, and shift towards our value-oriented private brands.
- Continuing to make progress in our strategic transformation, and now have nearly 600 of our stores recently refreshed and reflecting our forward vision as the leading destination for the active and casual lifestyle, with Sephora as a key cornerstone
- Sephora at Kohl's continues to exceed expectations driving incremental sales and attracting new customers in stores with a Sephora shop-in-shop
- Entered into \$500M ASR agreement on August 18 and remain firmly committed to our current dividend
- Focused on maintaining strong balance sheet with long-term objective of sustaining Investment Grade rating

Q2 2022

- Comparable sales decreased (7.7%) versus Q2 2021; net sales decreased (8.5%)
- Gross margin decreased (290 bps) compared to last year due to increased freight costs and product cost inflation, as well as elevated promotions
- SG&A expense increased 3.4% in Q2, driven largely by investments in key strategic initiatives, including Sephora store openings and store refreshes, as well as higher wages and transportation costs
- Operating margin of 6.5% in Q2 2022 with diluted earnings per share of \$1.11
- Inventory increased 48% versus last year due to lower sales and unique factors, including investment in beauty, higher in-transit and pack and hold inventory; excluding the unique factors, inventory increased 27% to last year and decreased (8%) to Q2 2019



Q2 Key Metrics

Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	July 30, 2022	July 31, 2021
Net Sales	\$ 3,863	\$ 4,223
Total Revenue	4,087	4,447
Gross Margin Rate	39.6%	42.5%
SG&A	1,283	1,241
Depreciation	206	210
Operating Income	266	570
Interest Expense	77	62
Provision for Income Taxes	46	126
Net Income	143	382
Diluted EPS	\$1.11	\$2.48

Key Balance Sheet Items

(Dollars in Millions)

	July 30, 2022	July 31, 2021
Cash and Cash Equivalents	\$ 222	\$ 2,569
Merchandise Inventories	4,034	2,733
Accounts Payable	1,497	1,495
Borrowings under revolving credit facility	79	-
Current portion of Long-term debt	164	-
Long-term Debt	1,747	1,909

Key Cash Flow items

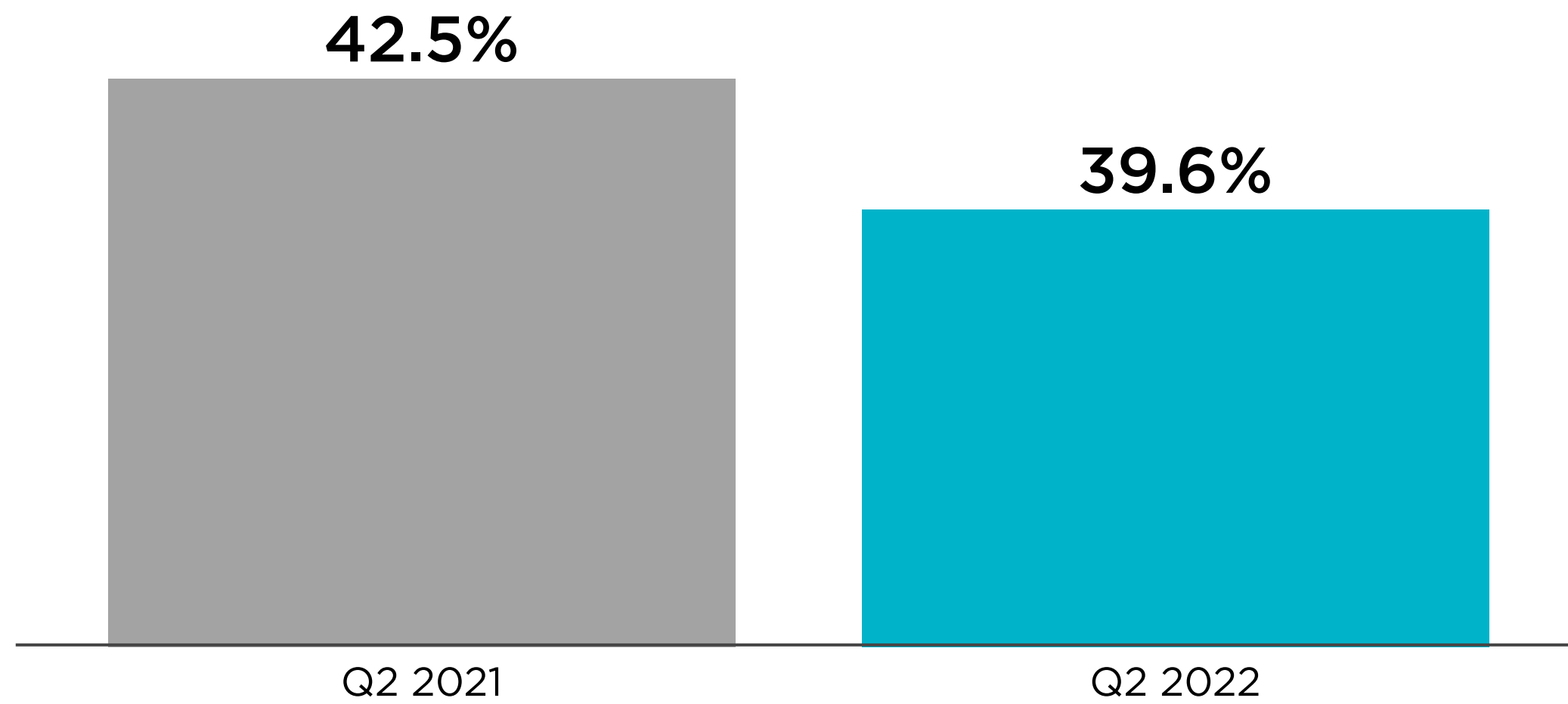
(Dollars in Millions)

	July 30, 2022	
	Three Months Ended	Six Months Ended
Operating Cash Flow	\$ (86)	\$ (546)
Capital Expenditures	(327)	(548)
Net, Finance lease and Financing obligations	(25)	(50)
Free Cash Flow ⁽¹⁾	\$ (438)	\$ (1,144)

Q2 2022 Gross Margin & SG&A Expense Performance

Gross Margin

Decreased (290 bps) versus Q2 2021

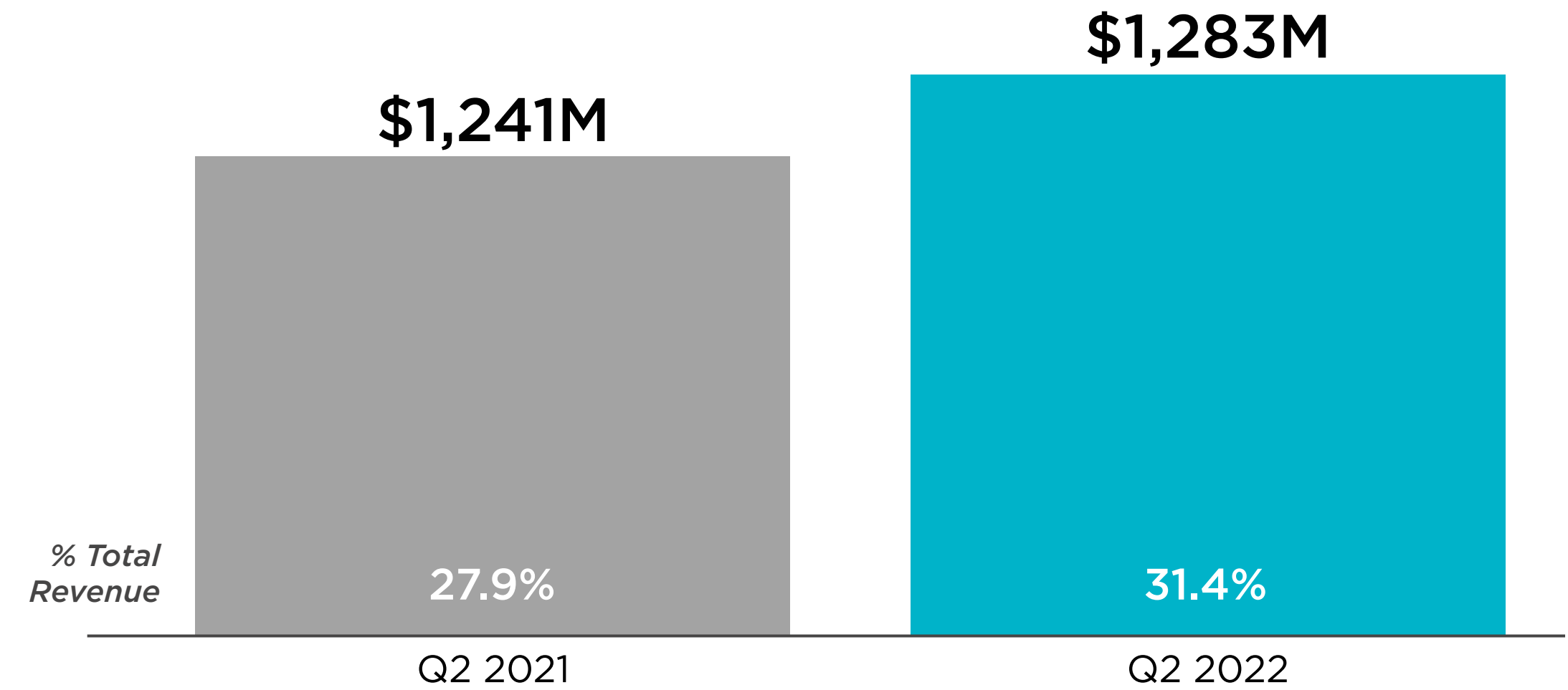


Q2 2022 Gross Margin Takeaways

- Elevated freight costs due to global supply chain challenges
- Higher product costs driven by inflation
- Increased promotional activity

SG&A Expense

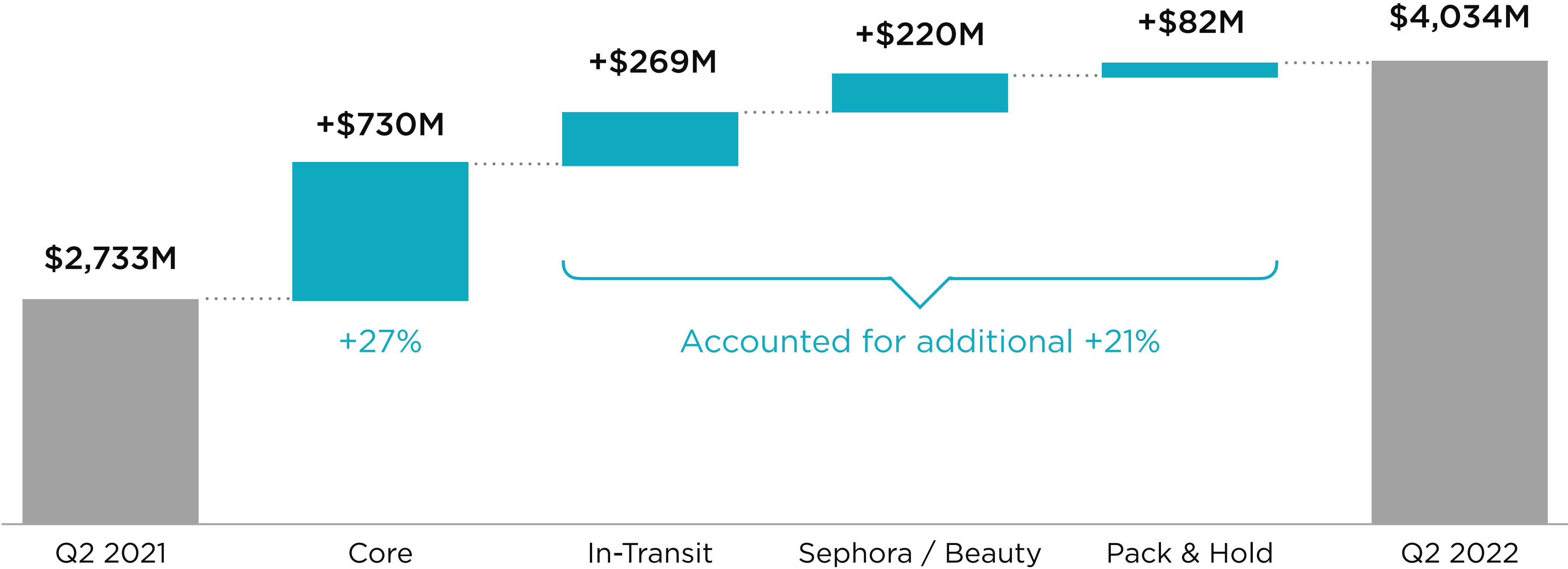
Deleveraged (351 bps) vs Q2 2021



Q2 2022 SG&A Takeaways

- Incremental growth investments in our stores, including Sephora and store refreshes totaling \$36 million
- Higher wages and transportation costs

Q2 Inventory impacted by unique factors



Q2 2022 Inventory Increased 48% Y/Y; excluding unique factors, inventory increased 27% Y/Y and declined (8%) to Q2 2019

- In-transit inventory increased as we incorporated additional transportation time to ensure we meet consumer demand
- Sephora / Beauty inventory increased to support the 400 Sephora shops opening in 2022
- Pack & hold strategies were leveraged for late holiday receipts including sleepwear and fleece

Sephora at Kohl's continues to drive impressive results in Q2



- Kohl's stores with Sephora continue to outperform the balance of chain, attracting new customers and driving traffic
- The partnership is attracting new, younger, and more diverse customers. Customers that shop Sephora at Kohl's visit more frequently than our average customer.
- 400 Sephora stores to open in 2022 (48 opened in Q1, 292 opened in Q2, and remaining 60 planned in Q3); will open another 250 shops in 2023, taking our total to 850 2,500 sq. ft. shops
- Working with Sephora to design a smaller footprint concept for our remaining 300 stores, creating a Sephora presence across our entire store base
- Targeting \$2 billion in sales and highly accretive to operating margin



Updated 2022 Outlook

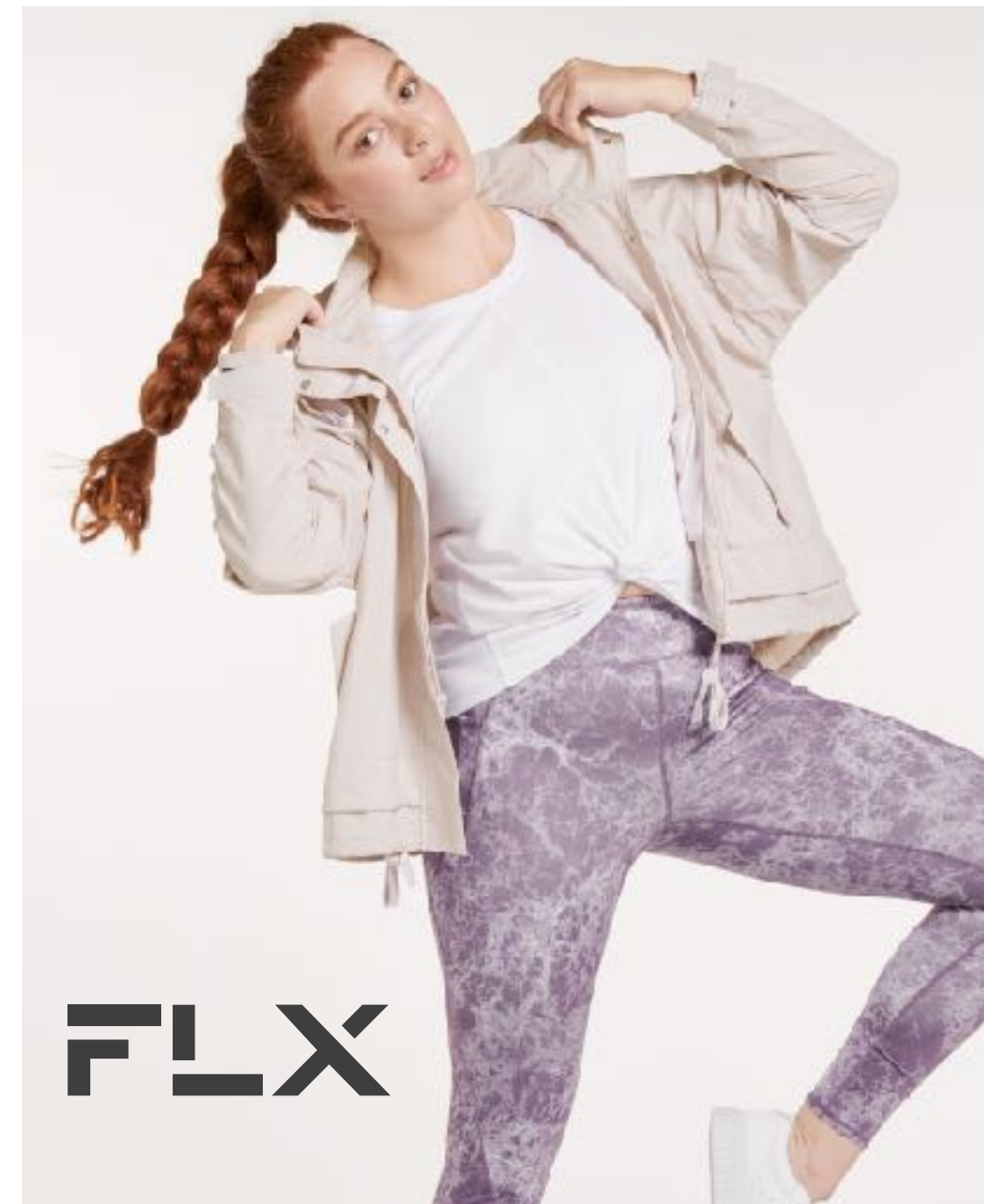
2022 Updated Outlook

Metric	Full Year Guidance
Net Sales	(5%) to (6%) versus 2021
Operating Margin	4.2% to 4.5%
EPS	\$2.80 to \$3.20



Capital Allocation Strategy

- **Capex:** Approximately \$825 million
- **Dividend:** \$0.50 quarterly dividend payable on September 21, 2022
- **Share Repurchase Program:** Repurchased \$158M in shares in Q1 2022 and entered into \$500M ASR agreement on August 18, 2022



Our Strategy

The most trusted retailer of choice for the Active and Casual lifestyle



Drive Top Line Growth

Destination for Active & Casual Lifestyle

Leading with Loyalty & Value

Differentiated Omnichannel Experience

Expand Operating Margin

Operating Margin Goal of 7% to 8%

Disciplined Capital Management

Maintain Strong Balance Sheet

Strong Organizational Core

Agile, Accountable & Inclusive Culture

Creating Long-term Shareholder Value



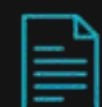
Return to growth



Expand operating margin



Solid cash flow generation



Maintain strong balance sheet



Return capital to shareholders

Committed to Creating Value

Kohl's Long-term Financial Framework



Capital Allocation Principles

Strong Balance Sheet

Invest in Growth

Significant Capital Returns

Multiple initiatives to support future growth



Destination for the Active & Casual Lifestyle

- Be a leading destination for casual and active apparel for the family
- Women's: Focus on adjacent categories including dress and elevated casual, and amplify inclusivity
- Men's: Recent brand introductions of Tommy Hilfiger, Eddie Bauer, Hurley, and Calvin Klein
- Denim: Buffalo Jeans and Levi's Silver Tab bring excitement and premium denim to Kohl's
- Active: Fuel growth in Active to at least 30% of sales, driven by key national brands (Nike, Under Armour, Adidas)



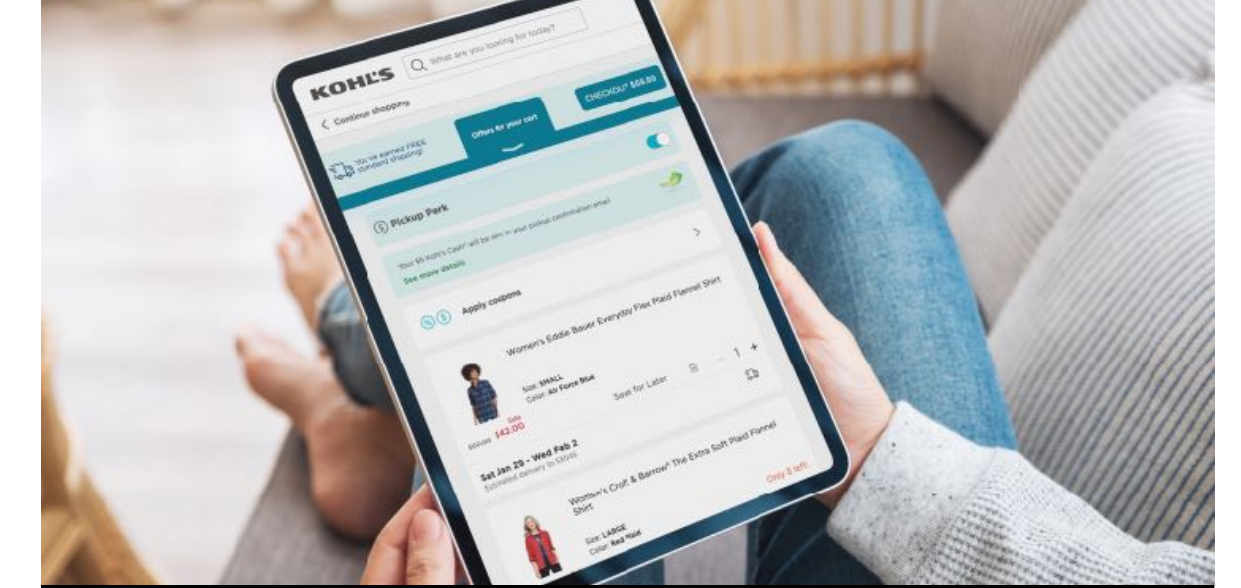
Grow Sephora to a \$2 Billion Business

- Kohl's stores with Sephora continue to outperform the balance of chain, attracting new customers and driving traffic
- ~600 Sephora shops open to date, with another 250 planned for 2023, taking our total to 850 2,500 sq. ft. shops
- Working with Sephora to design a smaller footprint concept for our remaining 300 stores, creating a Sephora presence across our entire store base
- Drive innovation across partnership (cross-company BOPUS, impulse merchandising, Sephora gift cards)
- Expanding holiday gifting assortment and increasing marketing investment to drive traffic during holiday 2022



Leading with Loyalty & Value

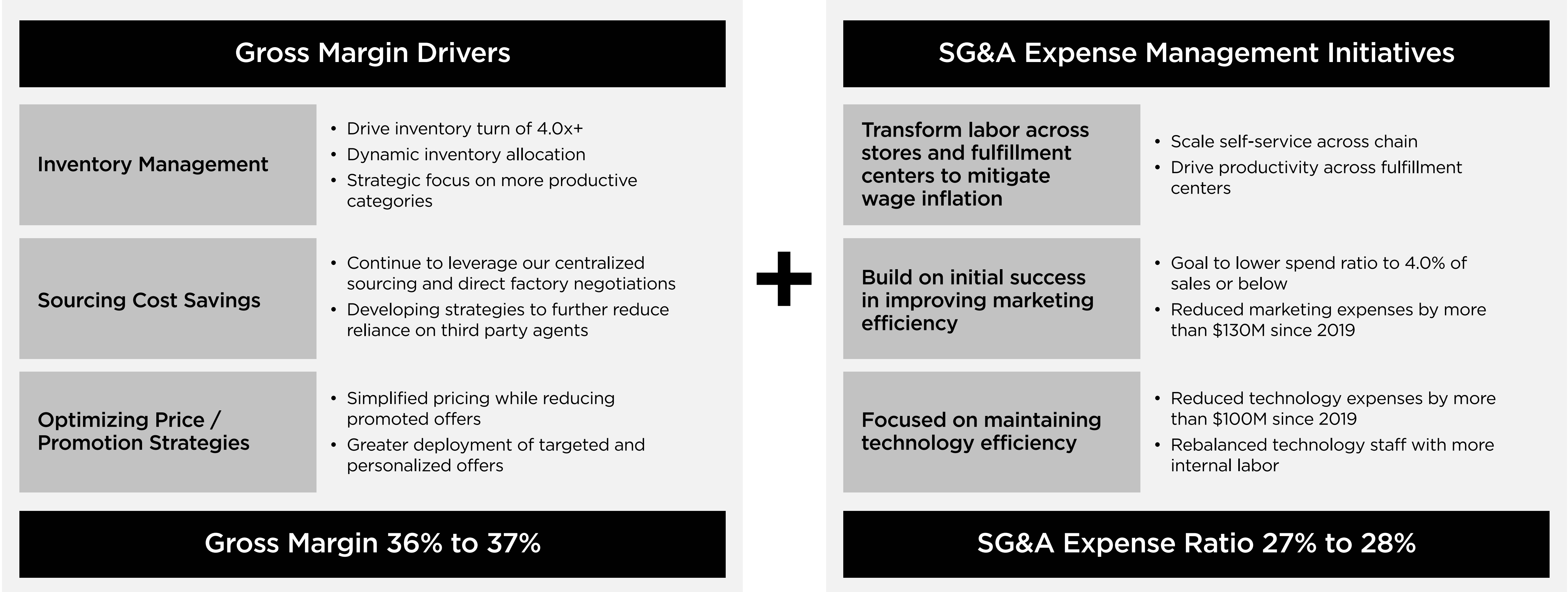
- Kohl's Cash: Iconic and differentiated loyalty device that provides a fly-wheel effect on customer return visits
- Kohl's Rewards: 30M+ loyalty members spend 2x more than non-loyalty members
- Kohl's Card: Industry-leading private label credit card
 - Enhanced rewards to get 50% more on every purchase (7.5%)
 - Launching co-branded card
- Loyalty platform drives enhanced personalized marketing and efficiencies



Differentiated Omnichannel Experience

- Planning to open 100+ new smaller format stores in the next several years, expanding reach with \$500M+ sales opportunity
- Expanding omni capabilities in stores
 - Self-service BOPUS in all stores in 2022
 - Piloting self-returns in 10 stores
 - Testing self-service checkout
- Enhancing digital experience to drive growth
 - Expanded online assortment
 - Kohl's Media Network

We remain confident in our ability to expand operating margin to 7% to 8%



We are confident in our long-term ability to navigate ongoing margin pressure from cost inflation, higher freight expense, wage investments, and increasing digital penetration

...And are committed to returning capital to shareholders

Maintain strong balance sheet with long-term objective of maintaining Investment Grade rating

DIVIDEND

Remain firmly committed to our current dividend

SHARE REPURCHASES

\$500M ASR underscores our steadfast confidence in Kohl's future and focus on creating shareholder value

LIABILITY MANAGEMENT

Plan to retire the 2023 bond maturities totaling \$275M during 2023

We remain firmly committed to the health of our balance sheet and will plan our capital allocation decisions going forward to continue to reflect this priority.

Long-standing focus on ESG Stewardship

KOHL'S Cares for People and Planet

- Environmental, Social, and Governance stewardship is a key component of our strategy and our vision, and guides how we interact with our customers, employees, and our communities

Culture

100,000

Associates

8

Business Resource Groups

D&I Framework

introduced in 2020



Community

\$815M+

donations through Kohl's Cares

5.5M+

volunteer hours served by Kohl's associates

Tripling Spend

among diverse suppliers by 2025



Climate

Net Zero by 2050

committed to reducing GHG emissions

165

solar and wind locations

146

EV charging locations



Appendix

Reconciliations

Free Cash Flow

(\$ in millions)

July 30, 2022

	Three Months Ended	Six Months Ended
Net cash provided by operating activities	\$ (86)	\$ (546)
Acquisition of property and equipment	(327)	(548)
Finance lease and financing obligation payments	(26)	(55)
Proceeds from financing obligations	1	5
Free Cash Flow	\$ (438)	\$ (1,144)

