

**KOHL'S**

# Q4 Results Presentation

March 11, 2025





## Cautionary Statement Regarding Forward-Looking Information

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” “plans,” or similar expressions to identify forward-looking statements. Forward-looking statements include, but are not limited to, the information under “2025 Outlook”, comments about Kohl’s adequacy of capital resources and the competitive environment. Such statements are subject to certain risks and uncertainties, which could cause the Company’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, 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. Forward-looking statements relate to the date initially made, and Kohl’s undertakes no obligation to update them.

## Non-GAAP Financial Measures

This presentation contains certain financial measures that are not prepared in accordance with generally accepted accounting principles (GAAP), including adjusted net income, adjusted diluted earnings per share, and adjusted free cash flow. These non-GAAP financial measures are provided as additional insight into our operational performance and do not purport to be substitutes for, or superior to, net income, diluted earnings per share, or operating cash flow as a measure of operating performance. We believe these adjusted measures are useful, as they are more representative of our core business, enhance comparability across reporting periods and to industry peers, and align with the measures used by management to evaluate the Company’s performance. We caution investors that non-GAAP measures should not be viewed in isolation and should be evaluated in addition to, and not as an alternative for, our results reported in accordance with GAAP. Because companies may use different calculation methods, these measures may not be comparable to other similarly titled measures reported by other companies. A reconciliation of each non-GAAP measure to the most directly comparable GAAP measure is included in the appendix of this presentation.





# Table of Contents

6

2025 Outlook

10

Q4 2024 Results







*Ashley Buchanan*

CHIEF EXECUTIVE OFFICER

“Kohl’s is built on a strong foundation that includes operating more than 1,100 conveniently located stores nationwide, serving over 60 million customers, with 30 million of those customers being Kohl’s Loyalty Members. Kohl’s has a tremendous opportunity to build on our strengths, address key areas of opportunity and better serve our customers every day. “

“We have identified key areas of focus and are taking action in 2025 to reposition Kohl’s for future success. Our customers expect great product, great value, and a great experience from Kohl’s. I am confident that the areas we identified will deliver on what customers want and expect from Kohl’s.”



# Kohl's is building on a solid foundation



**60M+**  
Customers

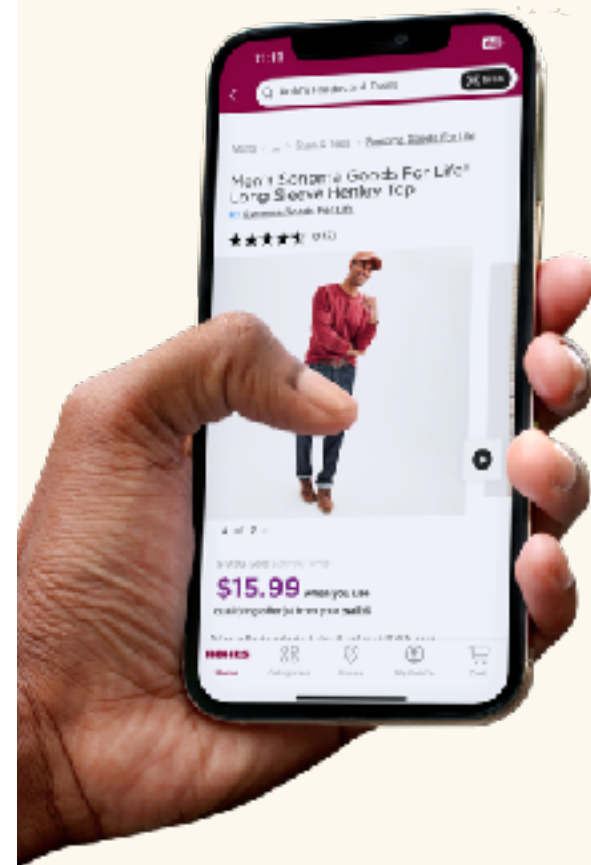
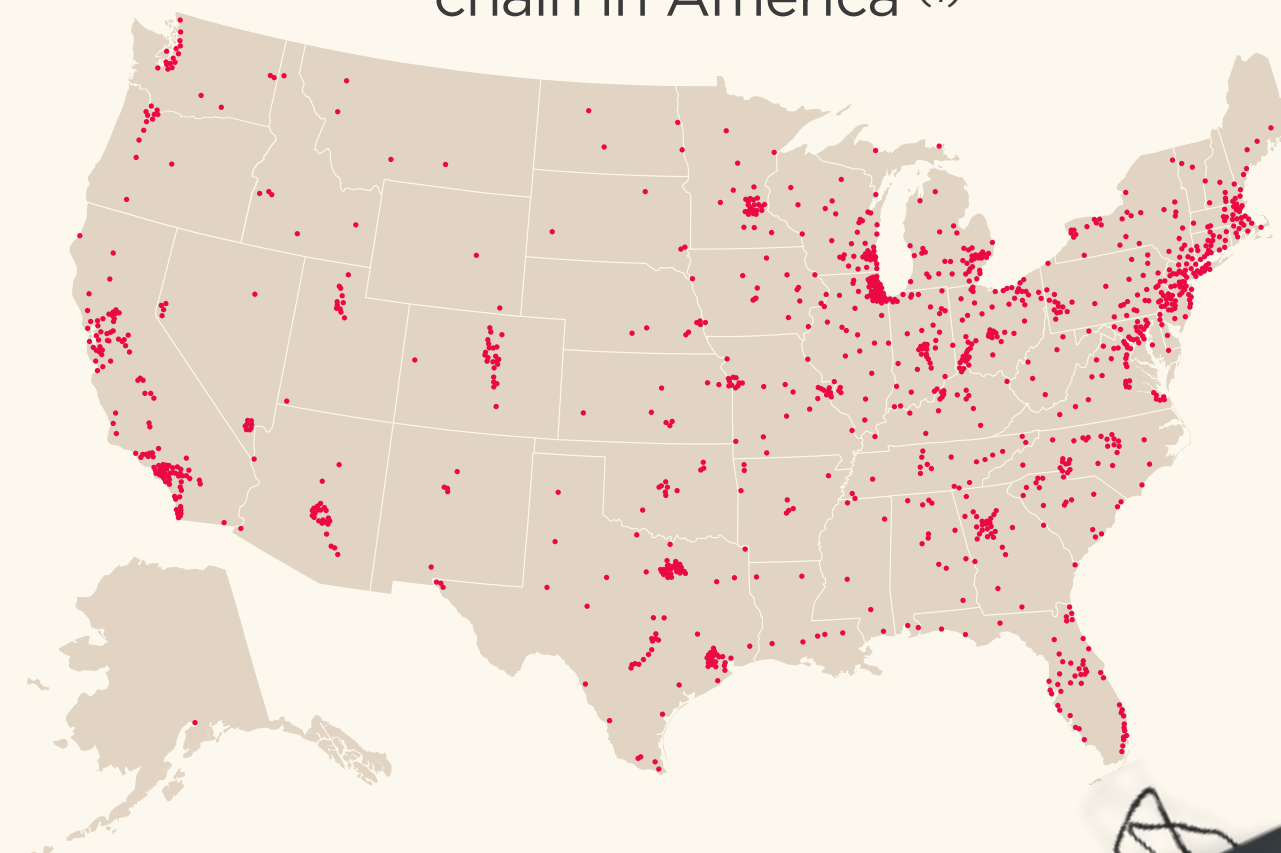
## Convenient Nationwide Omni-Channel Reach

**80%**  
of Americans live  
within 15 miles of a  
Kohl's store



**1,175 Stores**

Largest department store  
chain in America <sup>(1)</sup>

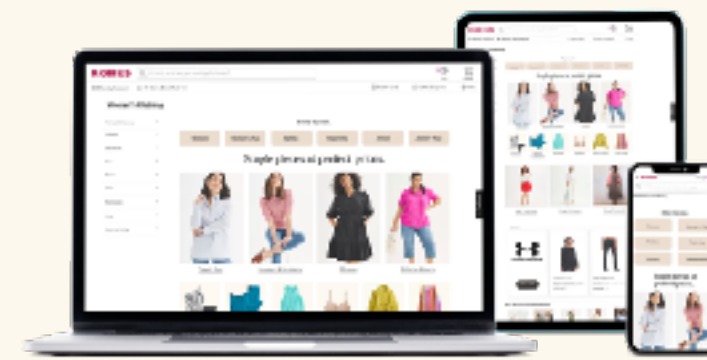


**20M+**  
Active App Users

**1,000+**  
Sephora @ Kohl's



**28%**  
Digital Penetration



## Great Product from Top Brands



SEPHORA + **KOHL'S**



NINE WEST



TEK GEAR

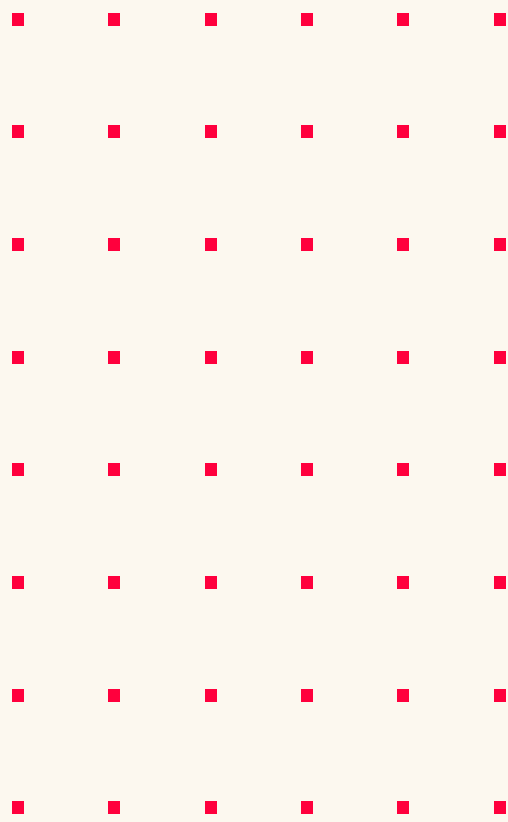
## Delivering Great Value

**30M+**  
Loyalty  
Members





# 2025 OUTLOOK





# Areas of Focus in 2025 to position Kohl's for future success



## Offer a curated, more balanced assortment that fulfills needs across all customers

- Drive improved assortment clarity across all categories
- Regain traction in lost categories (fine jewelry, petites, intimates, legacy home)
- Build on momentum in key growth categories (Sephora, Home Decor, and Impulse)

## Reestablish Kohl's as a leader in Value and Quality

- Elevate our private brands' quality and offering
- Increase brand inclusion in promotional coupons

## Enhance our omni-channel platform to deliver a frictionless experience

- Deliver trip assurance with consistent in-stocks for high volume items
- Increase inspiration in-store and online
- Optimize the store layout through productivity and adjacency analyses



# 2025 Outlook

METRIC	FULL YEAR GUIDANCE
<b>Net Sales</b>	<b>(5%) to (7%) vs. 2024</b>
<b>Comp Sales</b>	<b>(4%) to (6%)</b>
<b>Operating Margin</b>	<b>2.2% to 2.6%</b>
<b>Diluted EPS</b>	<b>\$0.10 to \$0.60</b>

**Capital Allocation Outlook**

- **Capex:** \$400 million to \$425 million
- **Dividend:** \$0.125 dividend payable on April 2, 2025
- **Debt:** Refinance July 2025 maturities





# Capital allocation priorities support balance sheet goals



## → Invest in the Business

Capex of \$400 million to \$425 million will include investments to complete the roll out of Sephora, expand impulse queuing fixtures, and enhance omni-channel experience.

## → Committed to Dividend

The Board has decided to reduce the quarterly cash dividend to \$0.125 per share, payable to shareholders on April 2, 2025. Although we remain committed to returning capital to shareholders, this reduction allows for greater balance sheet flexibility.

## → Reduce Debt

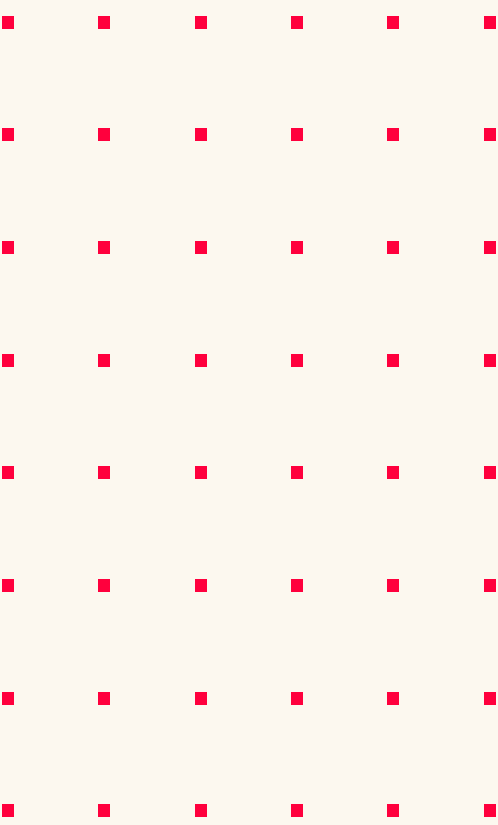
Our focus will be rebuilding our cash balance, reducing our reliance on the revolver and capitalizing on opportunities to further reduce our debt and overall leverage. We will be addressing our July 2025 maturities this spring, with the intention to refinance the debt.

## → Share Repurchases

Resume share repurchases over the long-term with excess cash flow following improvement in overall leverage.



# Q4 2024 RESULTS

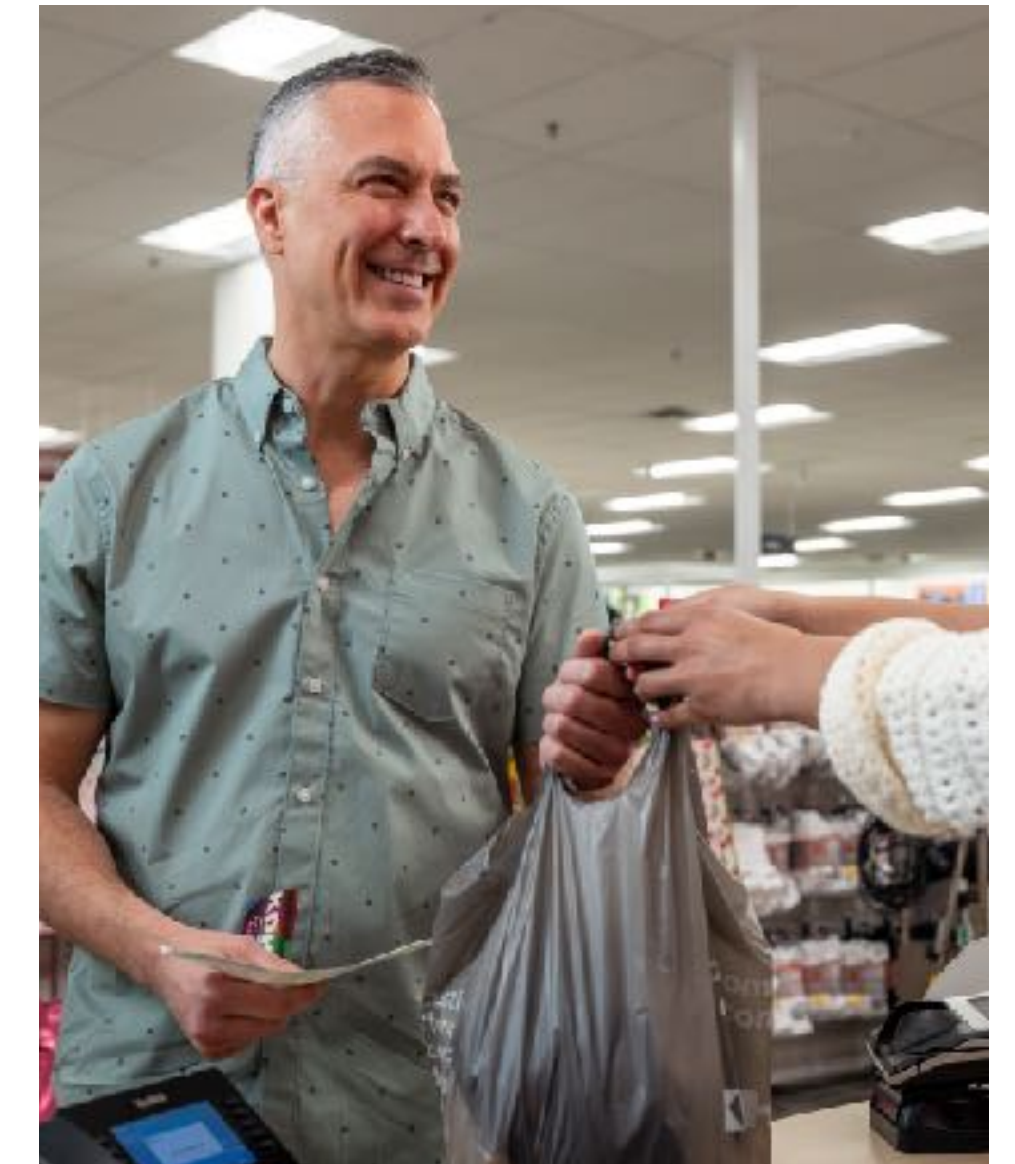




# Q4 2024 Summary

## Key Takeaways

- Q4 Net sales declined (9.4%) versus Q4 2023 and comparable sales declined (6.7%).
- Gross Margin increased 49 bps to last year driven by optimizing our promotional events, as well as a lower digital penetration.
- SG&A expense declined (4.5%) benefiting from tightly managed expenses across the organization, primarily in stores, marketing, and supply chain.
- Operating income of \$126 million and adjusted net income of \$106 million or \$0.95 adjusted diluted earnings per share.





# Sephora at Kohl's is a beauty share leader



- Comparable Sephora at Kohl's sales grew 13% in Q4 versus last year
- Solid demand across offering, especially in our fragrance, bath and body, and skincare offerings driven in part by growth in brands such as Yves Saint Laurent, Sol de Janeiro, Lineage, and Summer Fridays
- Opportunity to strengthen cross-shopping through assortment and loyalty enhancements
- Highly accretive margins will remain a tailwind to overall company operating margin

**\$1.8B+**  
Sales in 2024

**\$2B+**  
Sales Goal by  
2025

**~140**  
New Shops  
Opened in 2024

**1,000+**  
Sephora at Kohl's  
shops as of  
Q4 2024

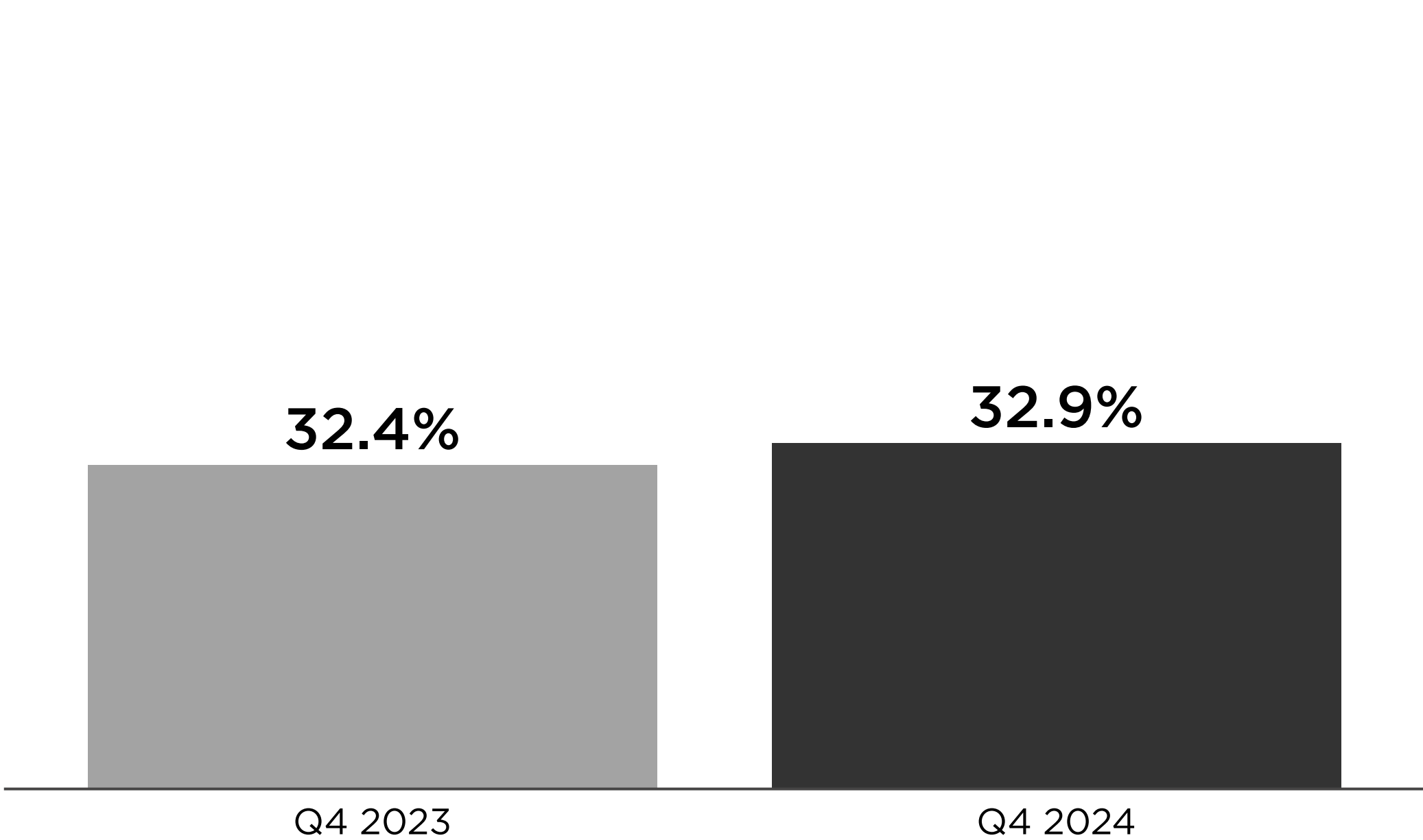
**SEPHORA + KOHL'S®**



# Q4 2024 Gross Margin & SG&A Expense Performance

## Gross Margin

Increased 49 bps vs Q4 2023

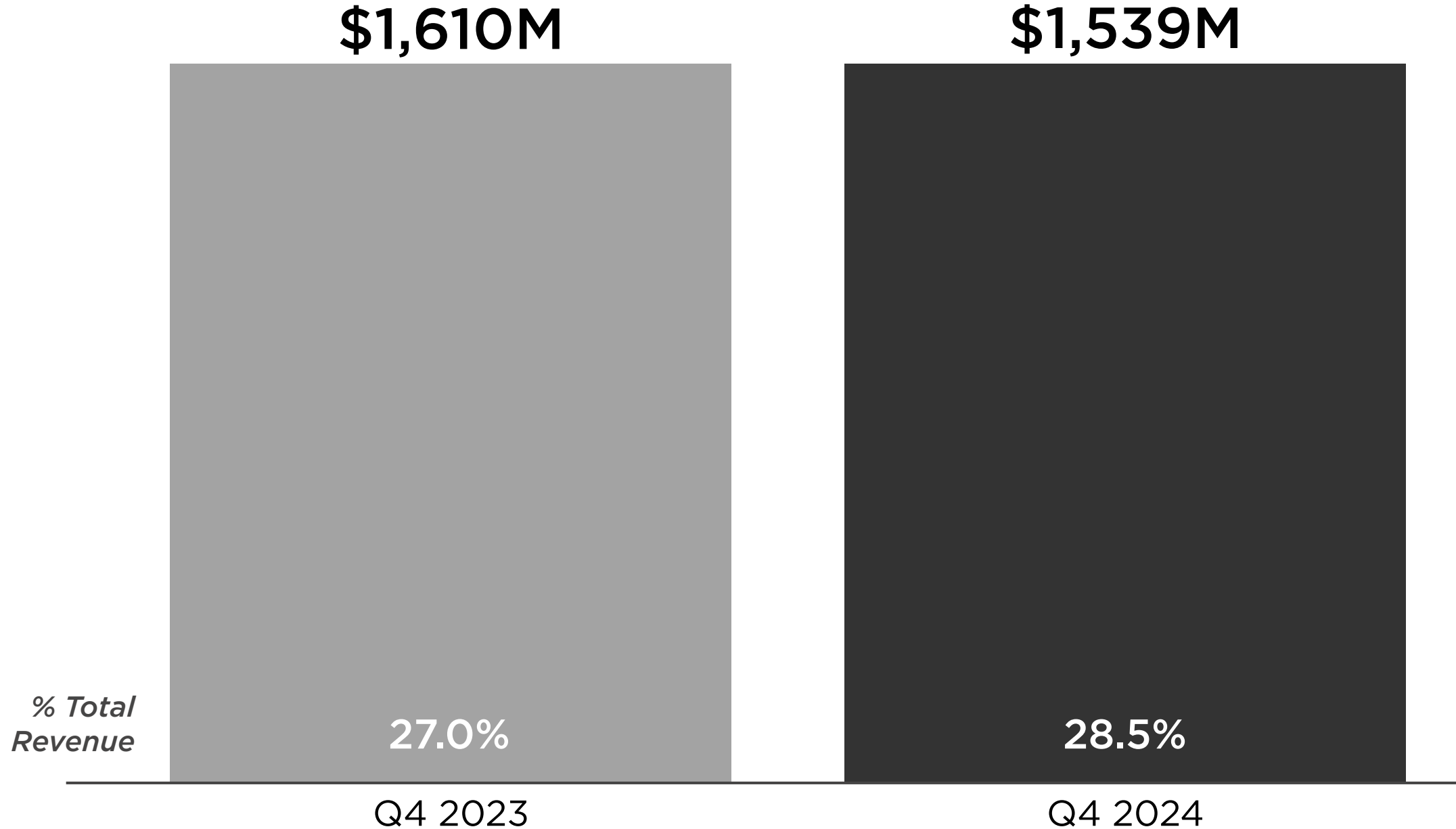


### Q4 2024 Gross Margin Takeaways

- Increase primarily driven by optimization of promotional events and lower digital penetration

## SG&A Expense

Deleveraged 148 basis points vs Q4 2023



### Q4 2024 SG&A Takeaways

- Lower spending in stores, marketing, and supply chain



# Q4 Key Metrics

## Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	February 1, 2025	February 3, 2024
Net Sales	\$ 5,175	\$ 5,710
Total Revenue	5,397	5,956
Gross Margin Rate	32.9%	32.4%
SG&A	1,539	1,610
Depreciation	183	187
Impairments, Store Closings, and Other Costs	76	0
Operating Income	126	299
Interest Expense	74	82
Provision for Income Taxes	4	31
Net Income	48	186
Diluted EPS	\$0.43	\$1.67
Adjusted Net Income (Non-GAAP) <sup>(1)</sup>	106	186
Adjusted Diluted EPS (Non-GAAP) <sup>(1)</sup>	\$0.95	\$1.67

## Key Balance Sheet Items

(Dollars in Millions)

	February 1, 2025	February 3, 2024
Cash and Cash Equivalents	\$ 134	\$ 183
Merchandise Inventories	2,945	2,880
Accounts Payable	1,042	1,134
Borrowings under revolving credit facility	290	92
Current portion of Long-term debt	353	0
Long-term Debt	1,174	1,638

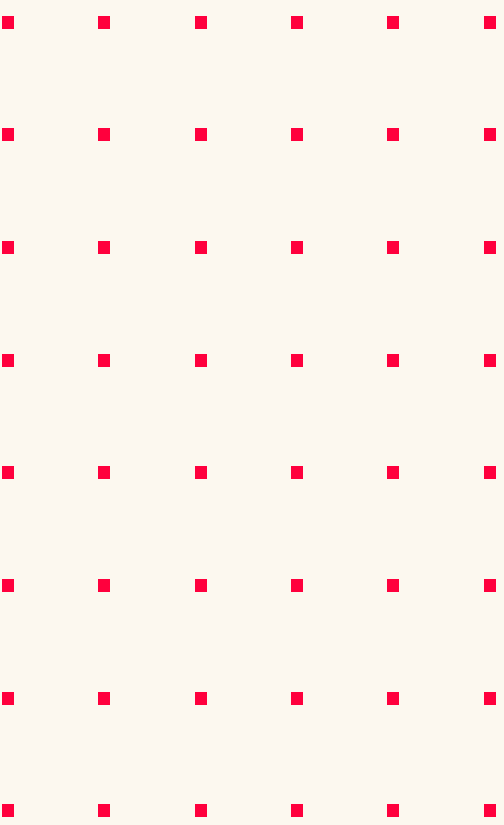
## Key Cash Flow items

(Dollars in Millions)

	February 1, 2025	February 1, 2025
	Three Months Ended	Twelve Months Ended
Operating Cash Flow	\$ 596	\$ 648
Capital Expenditures	(99)	(466)
<b>Free Cash Flow</b>	<b>497</b>	<b>182</b>
Finance lease and financing obligation payments	(17)	(79)
Proceeds from financing obligations	0	1
<b>Adjusted Free Cash Flow (Non-GAAP) <sup>(1)</sup></b>	<b>\$ 480</b>	<b>\$ 104</b>



# APPENDIX





# Reconciliations

## Net Income

	Three Months Ended	
	February 1, 2025	February 3, 2024
GAAP	\$ 48	\$ 186
Impairments, store closing, and other	76	-
Income tax impact of items noted above	(18)	-
<b>Adjusted (non-GAAP)</b>	<b>106</b>	<b>186</b>

## Diluted Earnings per Share

GAAP	\$ 0.43	\$ 1.67
Impairments, store closing, and other	0.69	-
Income tax impact of items noted above	(0.17)	-
<b>Adjusted (non-GAAP)</b>	<b>0.95</b>	<b>1.67</b>



# Reconciliations

## Impairments, Store Closing, and Other Costs

	February 1, 2025	
Severance & Other exit costs <sup>(1)</sup>	\$	40
Lease (gains) <sup>(2)</sup>		(18)
Impairments: Building and other assets <sup>(3)</sup>		43
Impairments: Lease ROU asset <sup>(3)</sup>		11
<b>Total Impairments, store closing, and other costs</b>		<b>76</b>

1) Represents severance and other closing costs related to the closure of 27 underperforming stores and our San Bernardino E-Commerce Fulfillment Center "EFC".  
2) Represents store lease gains where the reduction recorded to the lease liability was greater than the remaining value of the related lease Right of Use "ROU" asset.  
3) Represents fixed asset and lease ROU asset impairments related to our store and EFC closures.



**KOHL'S**<sup>®</sup>