

**KOHL'S**

# Q2 Results Presentation

August 27, 2025





## Cautionary Statement Regarding Forward-Looking Information

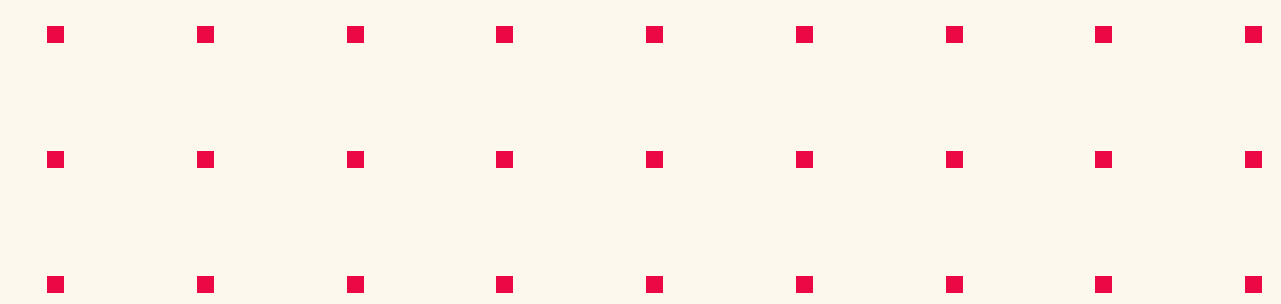
This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” “plans,” or similar expressions to identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding our 2025 areas of focus and future initiatives, the information under “2025 Outlook,” comments about Kohl’s adequacy of capital resources, and statements regarding the impact of macroeconomic events and our response to such events, including tariffs. 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 and Item 1A of Part II of the Company’s Quarterly Report on Form 10-Q for the first quarter of fiscal 2025, 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. 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 Operating Income, Adjusted Net Income, Adjusted Diluted Earnings Per Share, Adjusted EBITDA, Adjusted EBITDAR, our Leverage Ratio (expressed as Net Debt + Leases / EBITDAR), 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, total debt and lease liabilities as reported on the balance sheet, or operating cash flow as measures of operating performance or liquidity. 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 this presentation.







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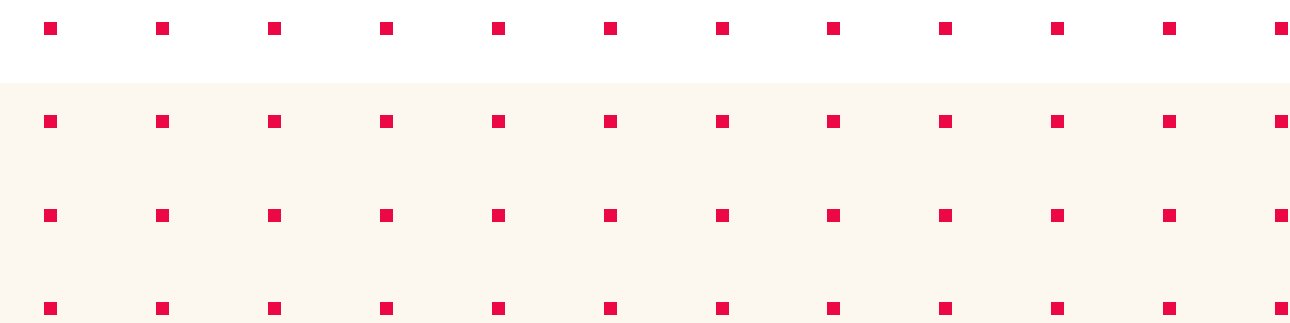
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“Kohl’s second quarter performance is a testament to the progress we are making against our 2025 initiatives. This resulted in sales performance that came in ahead of our expectations. While it is clear that these initiatives are beginning to resonate with our customers, our team remains focused on delivering progressive improvement throughout the remainder of the year against a challenging economic backdrop.

“In addition to our top line progress, we managed the business with great discipline in the quarter. We were able to expand our gross margins, reduce our inventory, and lower our expenses, leading to solid second quarter earnings. I continue to be impressed with our entire team at Kohl’s and am thankful for all their hard work.”



*Michael J. Zende*

INTERIM CHIEF EXECUTIVE OFFICER





# Kohl's is building on a solid foundation



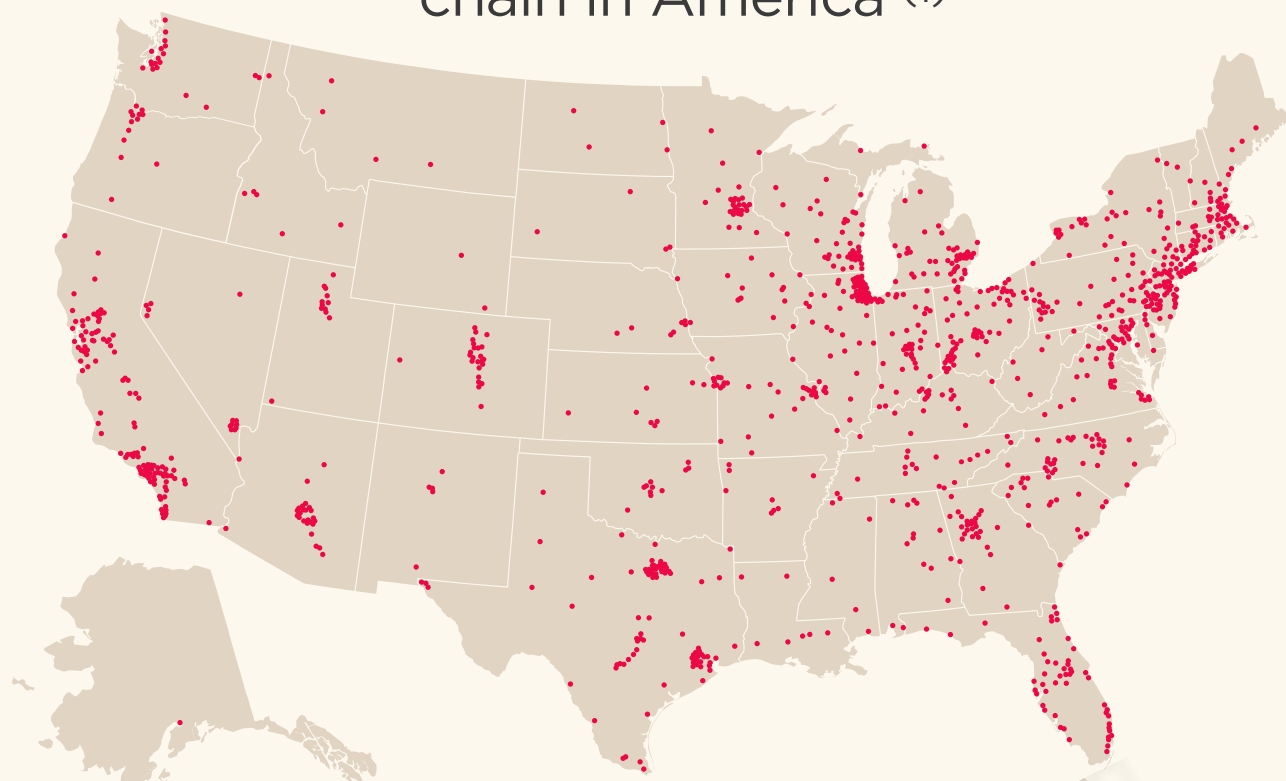
## Convenient Nationwide Omni-Channel Reach

1,153 Stores

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

80%

of Americans live within 15 miles of a Kohl's store



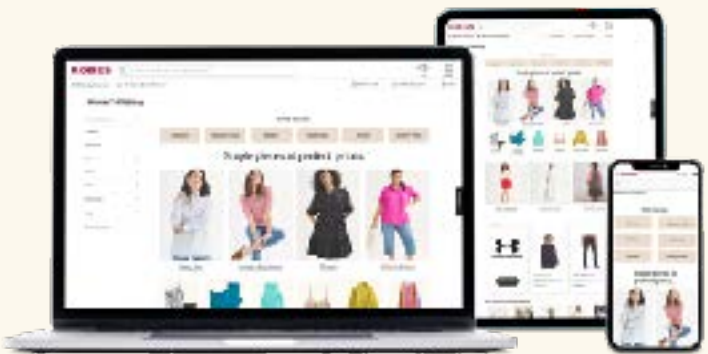
20M+  
Active App Users

1,100+

Sephora @ Kohl's <sup>(1)</sup>

28%

Digital Penetration



## Great Product from Top Brands



carter's



SEPHORA + KOHL'S

SONOMA  
GOODS FOR LIFE

jumping  
beans

FLX

NINE WEST

Croft &  
Barrow

SO

TEK GEAR

## Delivering Great Value

30M+

Loyalty  
Members







# 2025 AREAS OF FOCUS



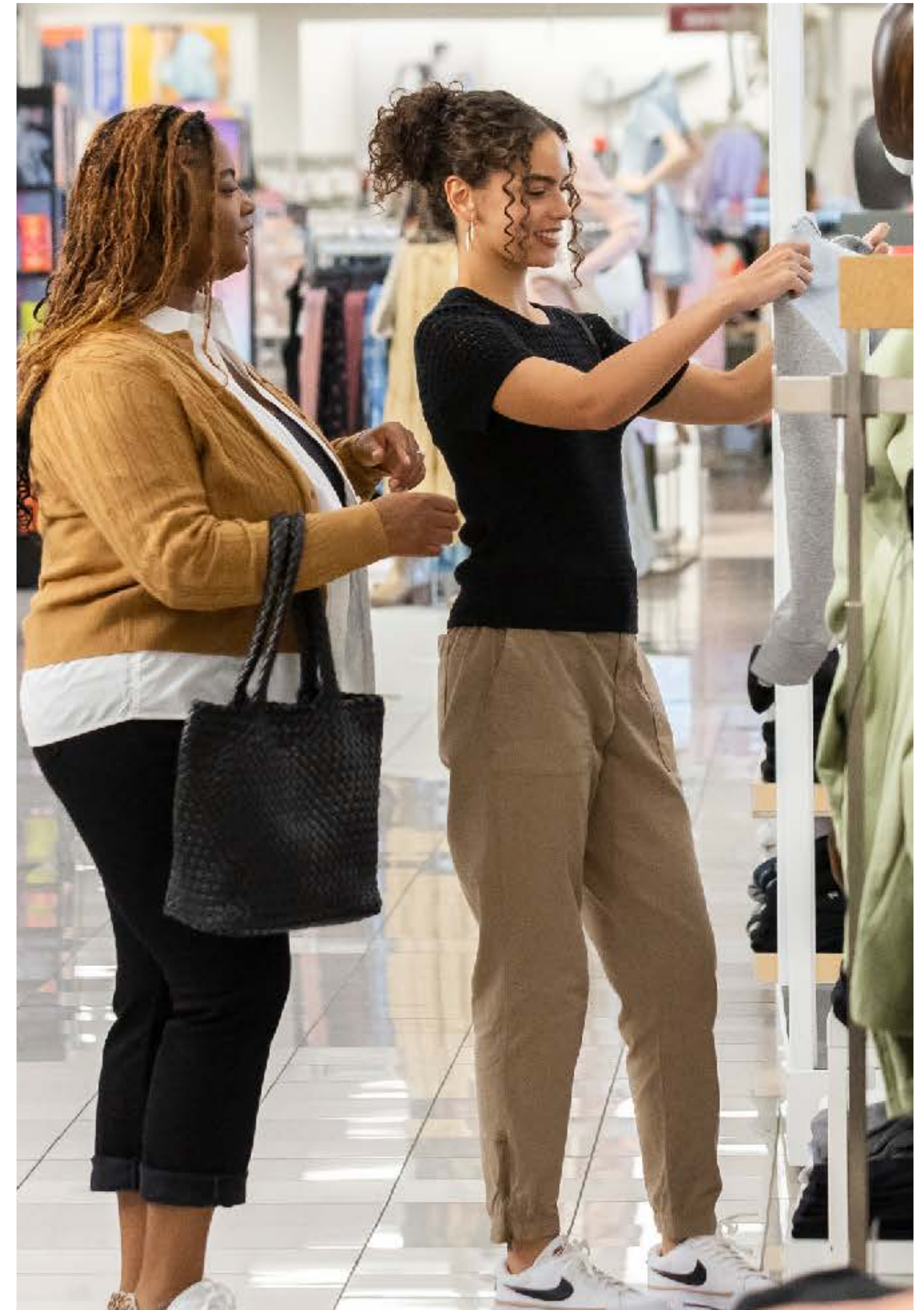
# Offer a Curated, More Balanced Assortment That Fulfills Needs Across All Customers

## Rebalance our assortment to provide improved brand clarity and purpose

- Delivered continued growth in our jewelry business after investing in fashion jewelry inventory and establishing a destination for accessories in stores
- Improved performance in Women's as we invested back into our proprietary brands, streamlined the choices in Intimates, and reintroduced the Petites category

## Build on Success of Key Growth Initiatives

- Completed our Sephora at Kohl's full chain rollout in Spring 2025, putting us on track to deliver a \$2 billion beauty business
- Expanded impulse queue lines to over an additional 300 stores in Q2. The impulse category is a units per transaction driver, which delivered 30% sales growth in Q2.







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

## Elevating our Proprietary Brands

- Proprietary brands play an instrumental role in our value proposition, offering quality products at a great value
- Proprietary Brands outperformed the company in Q2, showing 500 basis points of progressive improvement from Q1
- Build on strength of existing proprietary brands while finding opportunities to introduce new brands such as Miryana, Hotelier, and Mingle & Co. in Home

## Enhancing our Promotional Strategy

- Expanded our coupon eligible offerings following improved performance from brands rolled out in our initial wave
- Simplify value messaging and offer compelling value through our Kohl's Rewards and Kohl's Cash programs



# Enhance our Omni-Channel Platform to Deliver a Frictionless Experience

## Optimizing Our Store Layout

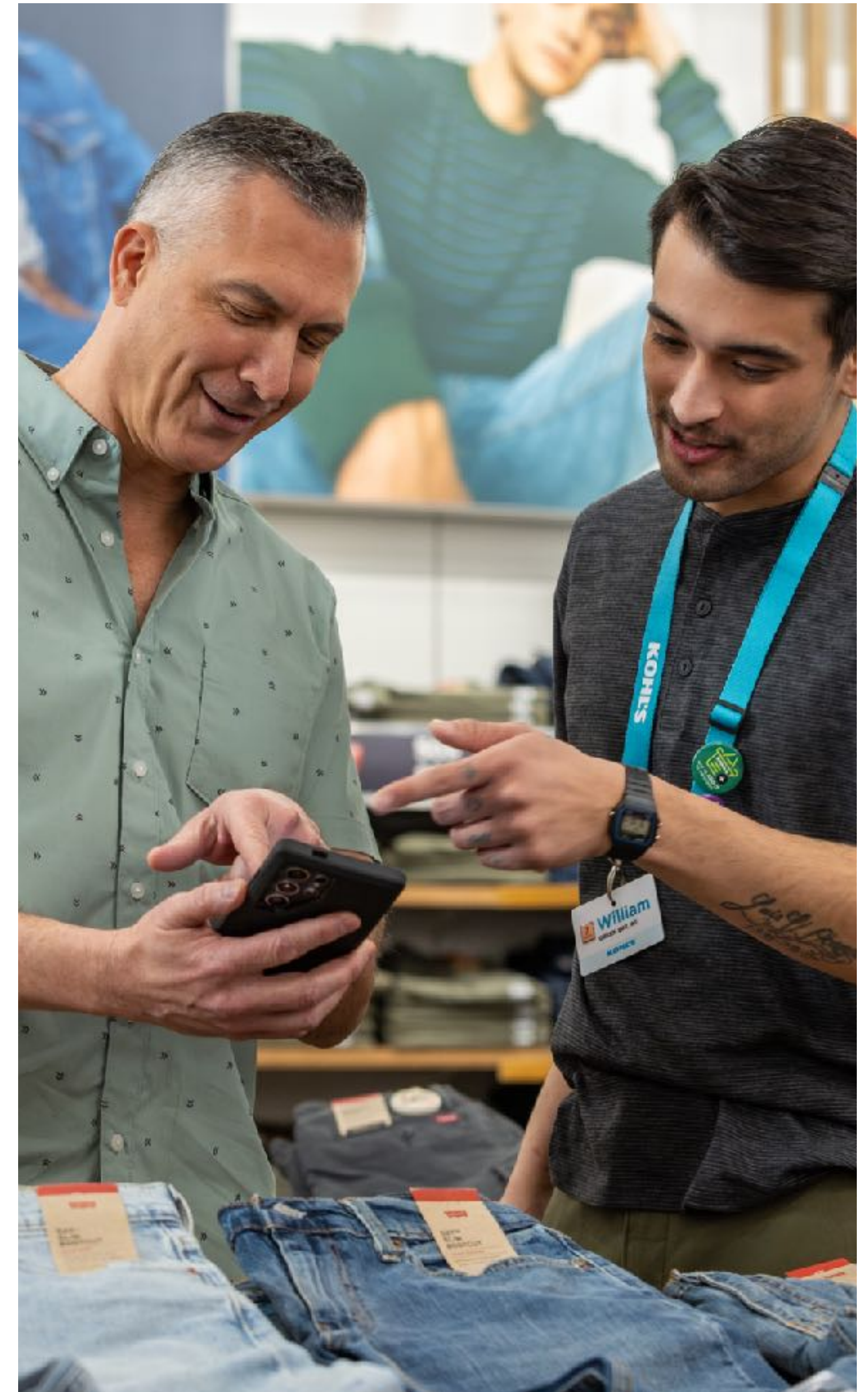
- Continue to enhance customer proposition by adjusting product flows and adjacencies
- Capitalized on cross-shopping opportunities in Accessories & Juniors following store layout adjustments
- Relocated our active apparel in our Men's and Women's floorpads

## Restoring Trip Assurance

- Reestablish Kohl's as a destination customers can rely on for basics and essentials by improving in-stock levels
- Accelerated sales performance from Q1 in our intimates business by 300 basis points after streamlining choice counts and investing into inventory depth for key sizes

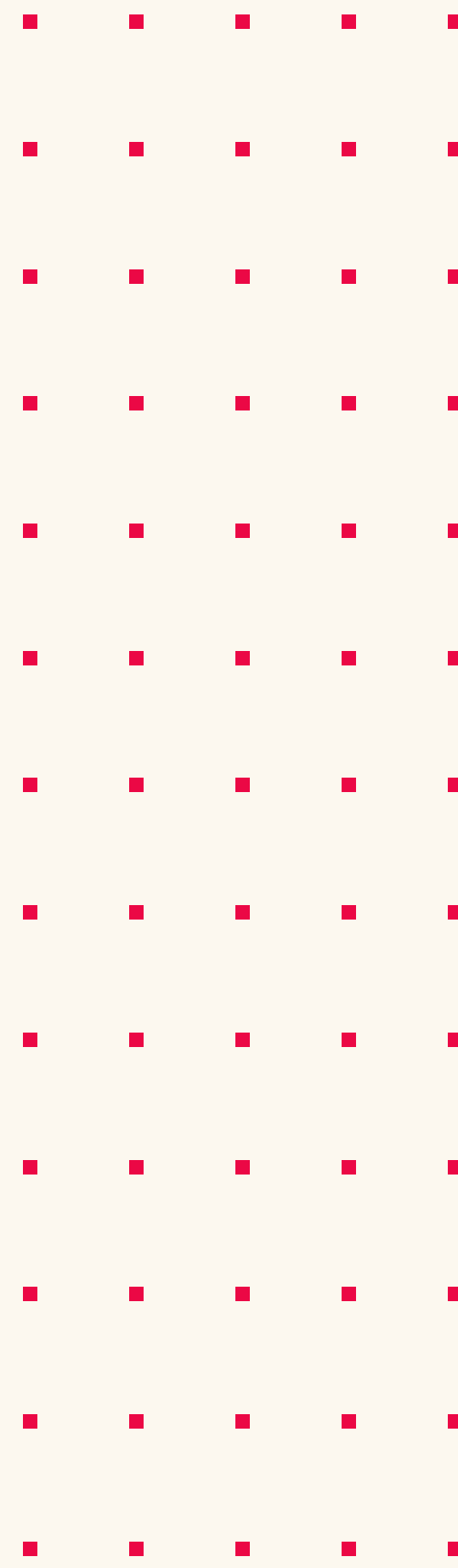
## Increasing Our Inspiration in Stores and Online

- Elevate customer inspiration by adding brand support, in store marketing, and visual presentation





# Q2 2025 RESULTS

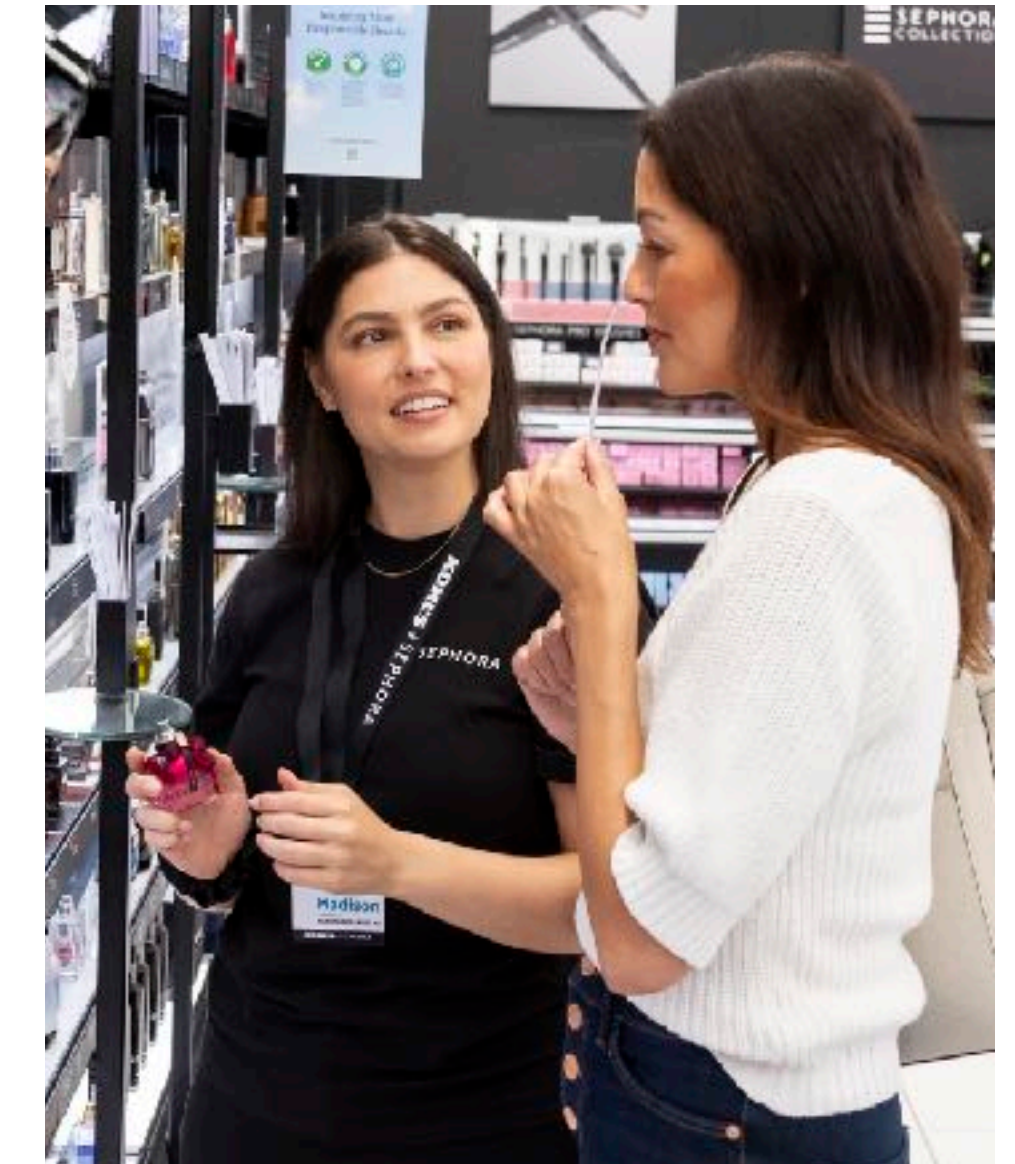




# Q2 2025 Summary

## Key Takeaways

- Q2 Net Sales decreased (5.1%) versus Q2 2024 and Comparable Sales declined (4.2%)
- Gross Margin increased 28 bps to last year driven by greater penetration of proprietary brands, category mix benefit and strong inventory management
- SG&A expense declined (4.1%) to last year benefiting from tightly managed expenses primarily in stores and marketing. Additional benefit from credit expense shifting to Other Revenue
- Adjusted Operating Income of \$161 million and Adjusted Net Income of \$64 million or \$0.56 of Adjusted Earnings Per Diluted Share

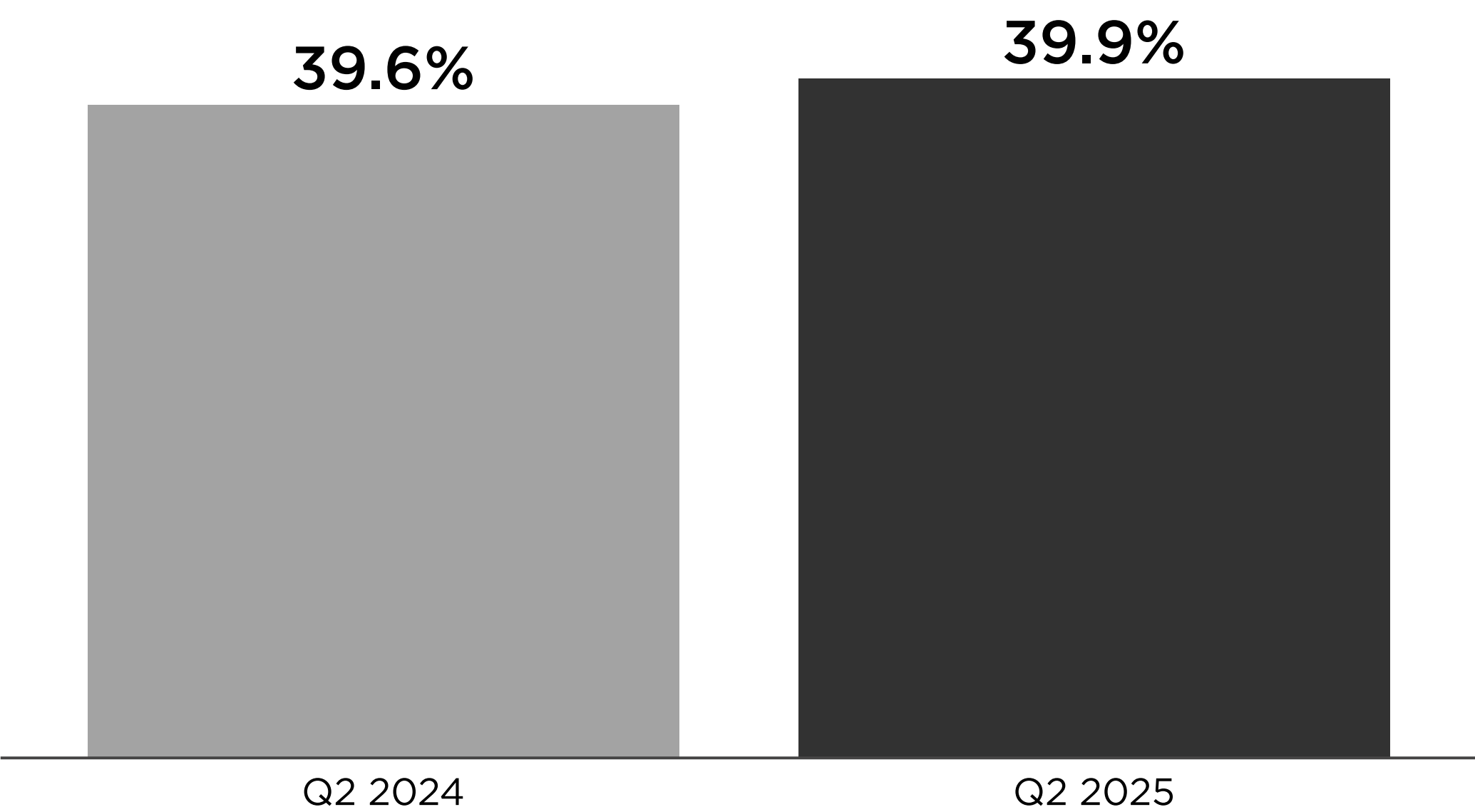




# Q2 2025 Gross Margin & SG&A Expense Performance

## Gross Margin

Increased 28 bps vs Q2 2024

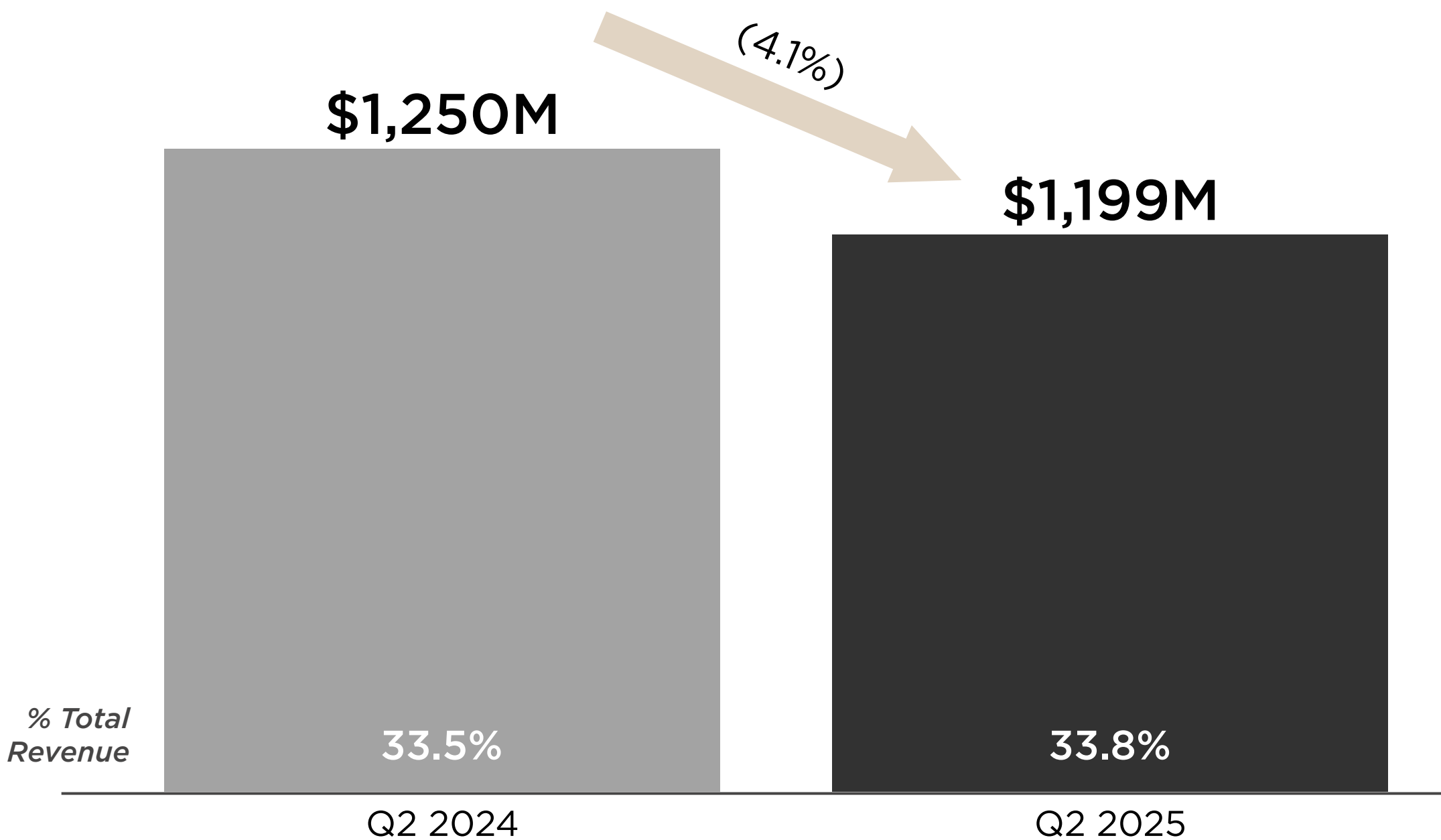


### Q2 2025 Gross Margin Takeaways

- Category mix benefit
- Increased proprietary brand penetration
- Strong continued inventory management

## SG&A Expense

Deleveraged (32 bps) vs Q2 2024



### Q2 2025 SG&A Takeaways

- Lower spending in stores and marketing
- Shift from Credit Expense to Other Revenue



# Adjusted Leverage

Kohl’s reset leases on the balance sheet following the investment to roll out Sephora to all of our Stores

- Current Balance Sheet / Lease Accounting is inflating our Leverage Ratio
- The balance sheet lease liability of \$5.3B currently reflects the lease periods probable to be exercised, which averages 19 years
- The lease payments for periods actually exercised, is \$2.5B, which averages 5 years
- When adjusting for the actual lease periods exercised Kohl’s Leverage Ratio is reduced to 2.6x, down from the Unadjusted Ratio of 4.4x

## Net Debt + Leases to EBITDAR Leverage <sup>(1)</sup>

Rolling 12 months as of Q2 2025

(Dollars in Millions)	Unadjusted	Adjusted	
Adjusted EBITDA <sup>(1)</sup>	\$ 1,238	\$ 1,238	
Rent Expense	273	273	
<b>Adjusted EBITDAR</b>	<b>1,511</b>	<b>1,511</b>	
Current portion of long-term Debt	0	0	
Borrowings under revolving credit facility	75	75	
Long-term Debt	1,520	1,520	
<b>Debt</b>	<b>1,595</b>	<b>1,595</b>	
Less: Cash & Cash Equivalents	(174)	(174)	
<b>Net Debt</b>	<b>1,421</b>	<b>1,421</b>	
<b>Net Debt / EBITDA Leverage</b>	<b>1.1x</b>	<b>1.1x</b>	
Current and long-term Fin Leases & Fin Obs	2,493	1,279	Contractually obligated payments for Finance & Financing Obligation Leases
Current and long-term Operating Leases	2,768	1,186	Contractually obligated payments for Operating Leases
<b>Net Debt + Leases</b>	<b>\$ 6,682</b>	<b>\$ 3,886</b>	
<b>Net Debt + Leases / EBITDAR Leverage</b>	<b>4.4x</b>	<b>2.6x</b>	



# Q2 2025

## Key Metrics

### Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	August 2, 2025	August 3, 2024
Net Sales	\$ 3,347	\$ 3,525
Total Revenue	3,546	3,732
Gross Margin Rate	39.9%	39.6%
SG&A	1,199	1,250
Depreciation	175	188
Adjusted Operating Income (Non-GAAP) <sup>1</sup>	161	166
Interest Expense, net	78	86
Provision for Income Taxes	19	14
Adjusted Net Income (Non-GAAP) <sup>1</sup>	64	66
Adjusted Diluted EPS (Non-GAAP) <sup>1</sup>	\$ 0.56	\$ 0.59
Net Income	153	66
Diluted EPS	\$ 1.35	\$ 0.59

### Key Balance Sheet Items

(Dollars in Millions)

	August 2, 2025	August 3, 2024
Cash and Cash Equivalents	\$ 174	\$ 231
Merchandise Inventories	2,994	3,151
Accounts Payable	1,134	1,317
Borrowings under revolving credit facility	75	410
Current portion of Long-term debt	0	353
Long-term Debt	1,520	1,173

### Key Cash Flow items

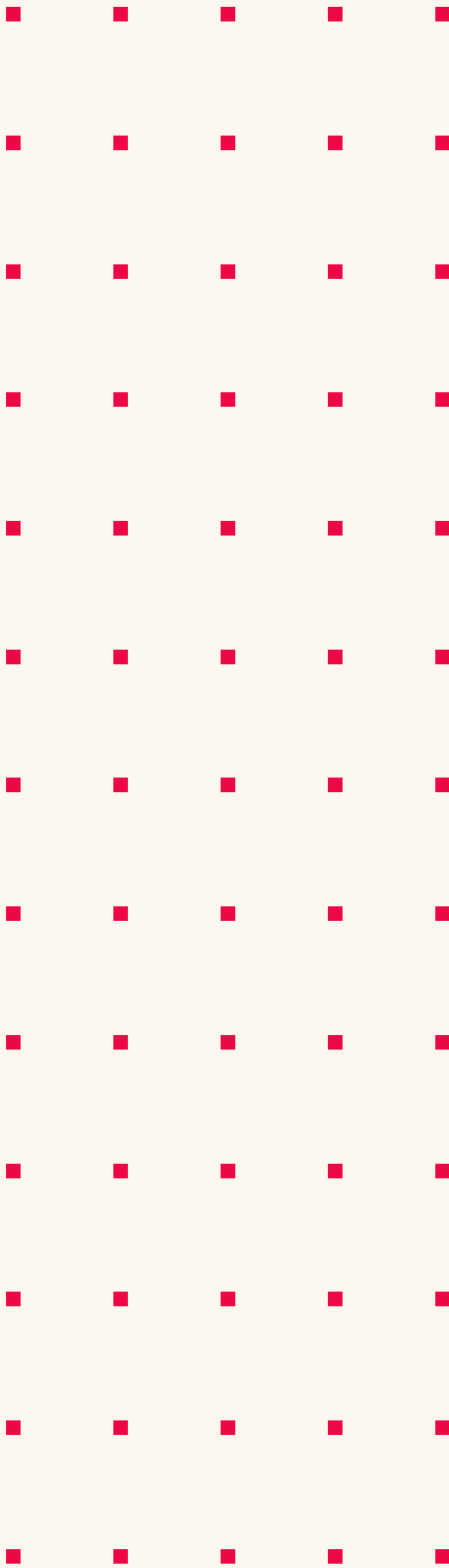
(Dollars in Millions)

	August 2, 2025	August 3, 2024
	Six Months Ended	Six Months Ended
Operating Cash Flow	\$ 506	\$ 247
Capital Expenditures	(200)	(239)
Free Cash Flow	306	8
Finance lease and Financing Obligations	(46)	(42)
Proceeds from Financing Obligations	10	0
Adjusted Free Cash Flow (Non-GAAP) <sup>1</sup>	\$ 270	\$ (34)





# 2025 OUTLOOK



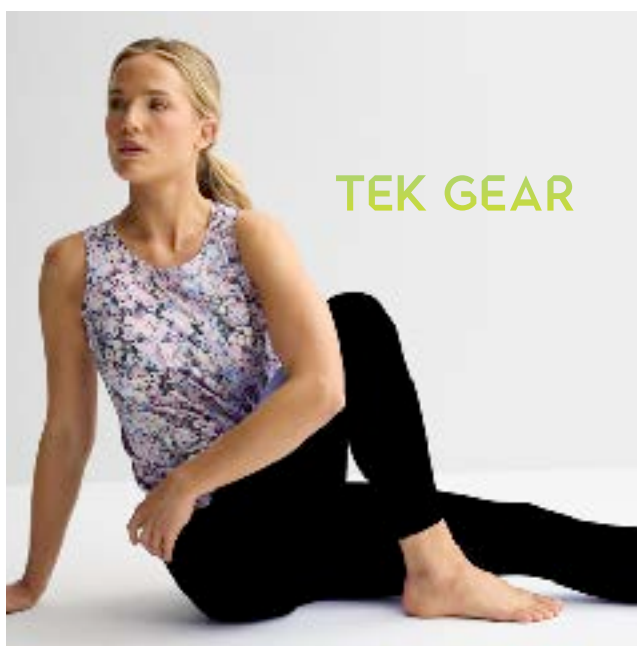


# Updated 2025 Financial Outlook

METRIC	FULL YEAR GUIDANCE
Net Sales	(5%) to (6%) vs. 2024
Comp Sales	(4%) to (5%)
Adjusted Operating Margin <sup>1</sup>	2.5% to 2.7%
Adjusted Diluted EPS <sup>1</sup>	\$0.50 to \$0.80

## Capital Allocation Outlook

- **Capex:** Approximately \$400 million
- **Dividend:** \$0.125 dividend payable on September 24, 2025
- **Debt:** Refinanced July 2025 maturities





# Capital allocation priorities support our goals of optimizing balance sheet flexibility



## ➔ Invest in the Business

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

## ➔ Optimizing Return of Cash

The Board has reduced the annual cash dividend to \$0.50 per share. Although we remain committed to returning capital to shareholders, this reduction allows for greater balance sheet flexibility

## ➔ Reduce Debt

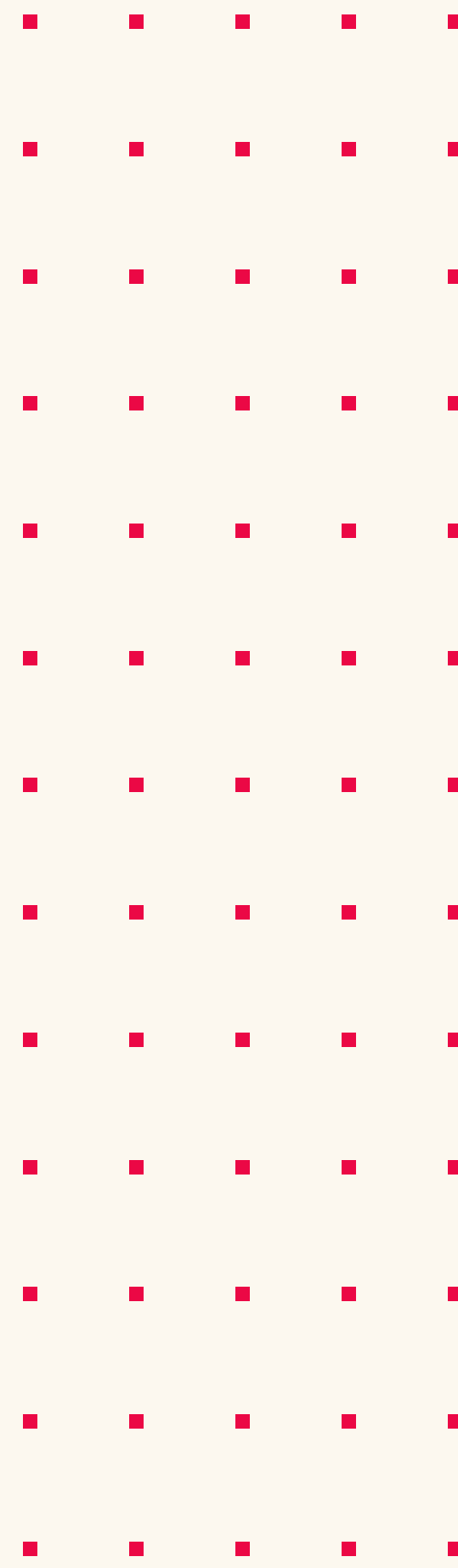
Our focus is on rebuilding our cash balance, reducing our reliance on the revolver and capitalizing on opportunities to further reduce our debt and overall leverage

## ➔ Share Repurchases

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



# APPENDIX





# Reconciliation

Adjusted EBITDA	52 Weeks Ended	
(Dollars in Millions)	August 2, 2025	
Net Income (GAAP)	\$	208
Provision for income taxes		51
Interest expense, net		304
Depreciation and amortization		717
(Gain) on legal settlement		(129)
Impairments, store closing and other costs		87
Adjusted EBITDA (Non-GAAP)	\$	1,238



# Reconciliation

Operating Income

(Dollars in Millions)

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Net Income (GAAP)	\$ 153	\$ 66	\$ 139	\$ 39
Provision for Income Taxes	48	14	46	1
Interest expense, net	78	86	154	169
Operating Income (GAAP)	279	166	339	209
(Gain) on legal settlement	(129)	0	(129)	0
Impairment, store closing and other costs	11	0	11	0
Adjusted Operating Income (Non-GAAP)	\$ 161	\$ 166	\$ 221	\$ 209



# Reconciliation

**Net Income**

*(Dollars in Millions)*

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
GAAP	\$ 153	\$ 66	\$ 139	\$ 39
Impairments, store closing and other costs	11	0	11	0
(Gain) on legal settlement	(129)	0	(129)	0
Income tax impact of items noted above	29	0	29	0
<b>Adjusted (Non-GAAP)</b>	<b>\$ 64</b>	<b>\$ 66</b>	<b>\$ 50</b>	<b>\$ 39</b>



# Reconciliation

Diluted Earnings Per Share

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
GAAP	\$ 1.35	\$ 0.59	\$ 1.23	\$ 0.35
Impairments, store closing and other costs	0.10	0.00	0.10	0.00
(Gain) on legal settlement	(1.14)	0.00	(1.14)	0.00
Income tax impact of items noted above	0.25	0.00	0.25	0.00
Adjusted (Non-GAAP)	\$ 0.56	\$ 0.59	\$ 0.44	\$ 0.35



**KOHL'S®**