

**KOHL'S**

# Q3 Results Presentation

November 25, 2025





## Cautionary Statement Regarding Forward-Looking Information

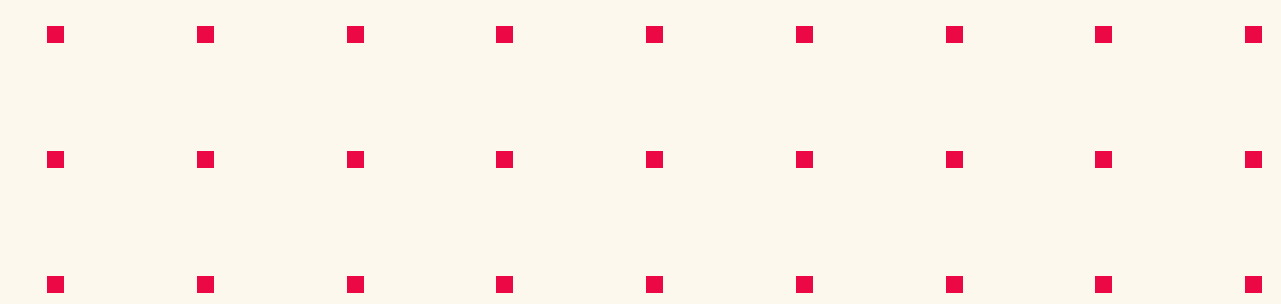
This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” “plans,” or similar expressions to identify forward-looking statements. Forward-looking statements include, but are not limited to, the information under “2025 Outlook,” comments about Kohl’s adequacy of capital resources, statements regarding our 2025 areas of focus and future initiatives, 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. 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), free cash flow, 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, operating income, net income, diluted earnings per share, 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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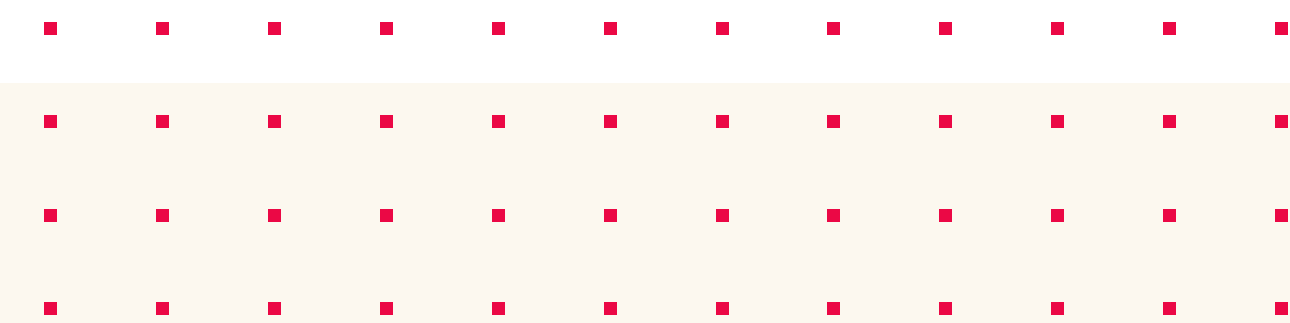
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“We are pleased with Kohl’s third quarter results, marking a third consecutive quarter of delivering top-line and bottom-line performance ahead of our expectations. These results are a direct reflection of the progress we are making against our 2025 initiatives, reinforcing our confidence as we continue to move in the right direction. We are focused on building on this momentum, as we remain committed to delivering quality products, great value, and a frictionless experience to our customers in an uncertain macroeconomic environment.

I am very proud of the work our team has accomplished to date, as we continue to operate our company with strong discipline, deliver solid cash flow generation, and maintain a healthy balance sheet. This will serve as a strong foundation as we reposition Kohl’s for future growth.”



*Michael J. Zende*

CHIEF EXECUTIVE OFFICER





# Kohl's is building on a solid foundation



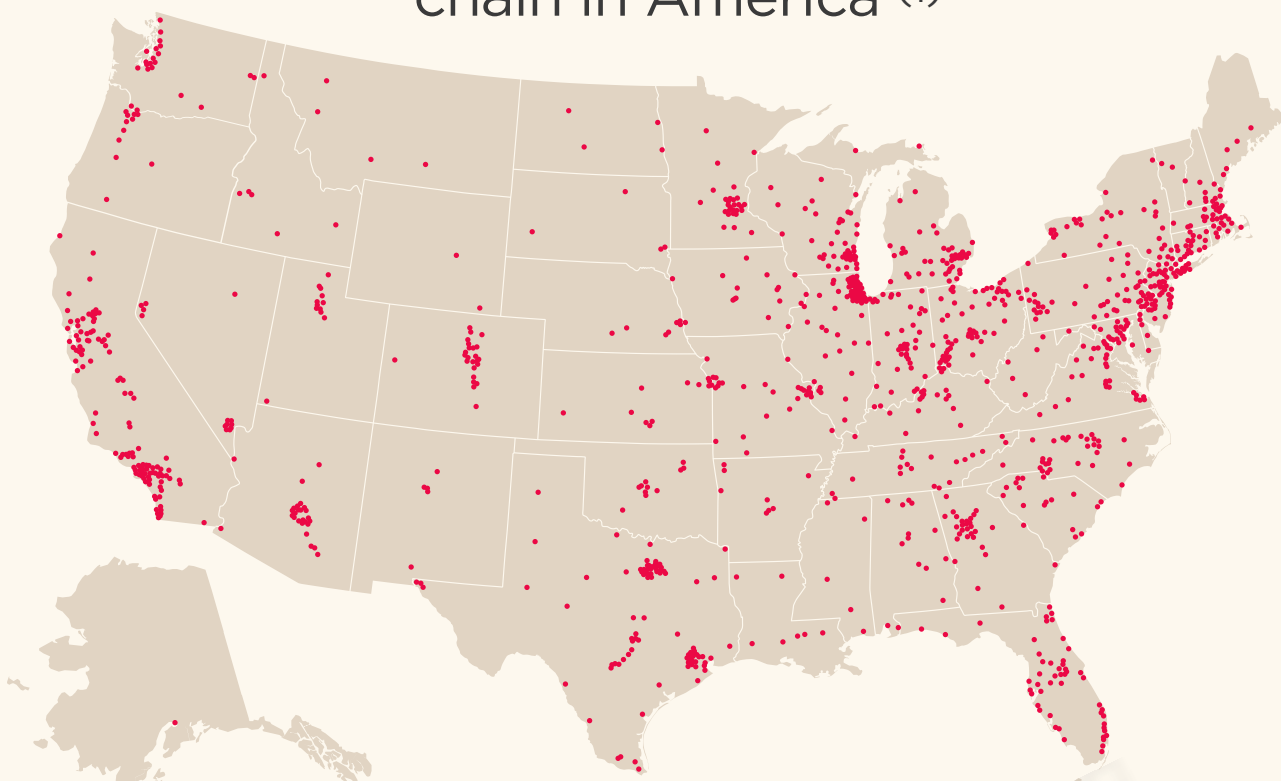
## Convenient Nationwide Omni-Channel Reach

1,153 Stores

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

80%

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



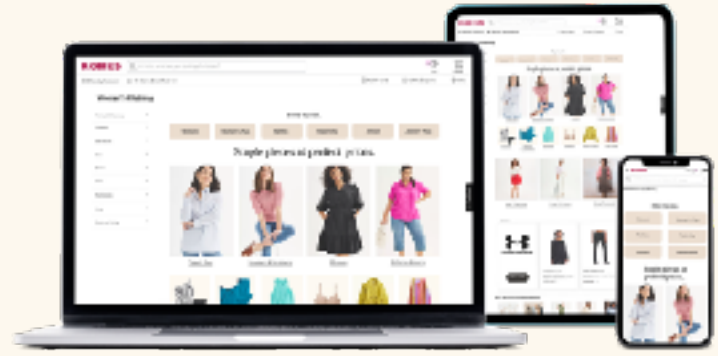
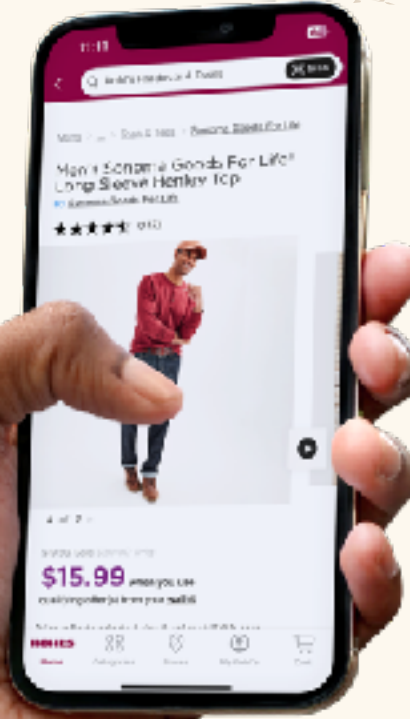
20M+  
Active App Users

1,100+

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

28%

Digital Penetration



## Great Product from Top Brands



SEPHORA + KOHL'S



NINE WEST



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 positive growth in our Juniors and Petites categories, both essential components of our Women's business, through investments made in key proprietary brands like Lauren Conrad, Simply Vera Vera Wang, and So..
- Improved clarity, reduced choice counts, and leaned into proprietary brands like FLX, Tek Gear, and Apt. 9 in our Men's business, which helped improve overall Men's performance

## Build on Success of Key Growth Initiatives

- Completed our impulse queueing line rollout to over 600 stores in September, delivering over 40% sales growth in Q3 and offering a presence in nearly all stores
- Launching MAC in over 850 of our Sephora stores in Spring of 2026 as the business continues to offer discovery, innovation, and newness to customers







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

## Elevating our Proprietary Brands

- Proprietary brands are essential to the value Kohl's offers, delivering exceptional quality and relevance our customers expect
- Proprietary brands grew +1% in Q3
- Building on the success of established brands like FLX, which we introduced to our Kid's business, both online and in 300 stores, this September, with plans to expand more next year

## Enhancing our Promotional Strategy

- Simplified our coupon-led promotional strategy by introducing two waves of brand inclusions earlier this year
- Continue to see a positive impact to our Digital Channel, as this channel experiences elevated pricing transparency
- Testing ways to increase customer awareness of the value we offer in stores through signage and graphics



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

## Optimizing Our Store Layout

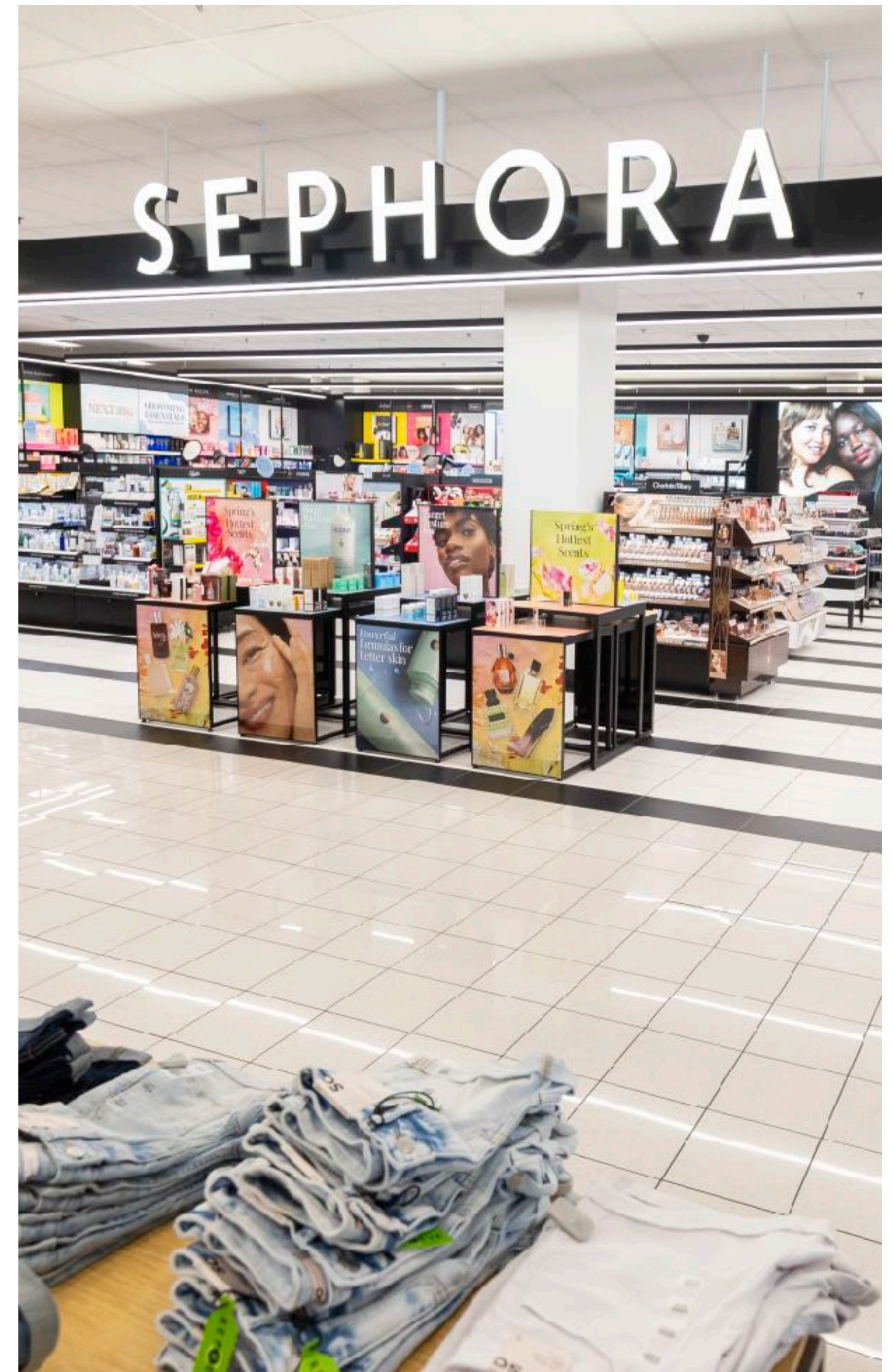
- Juniors and Accessories continue to benefit from their proximity to Sephora shops. Both categories delivered positive sales growth in Q3, capitalizing on cross-shopping from the Sephora customers.
- Seeking additional opportunities to capture incremental sales and drive increased engagement through product flows and adjacency analyses

## Restoring Trip Assurance

- Exited underperforming styles in Women's and Intimates and reinvested in inventory of key sizes, which helped drive improved sales performance in both categories
- Focused on enhancing inventory allocation to drive improved clarity and consistency within all lines of business

## Increasing Our Inspiration in Stores and Online

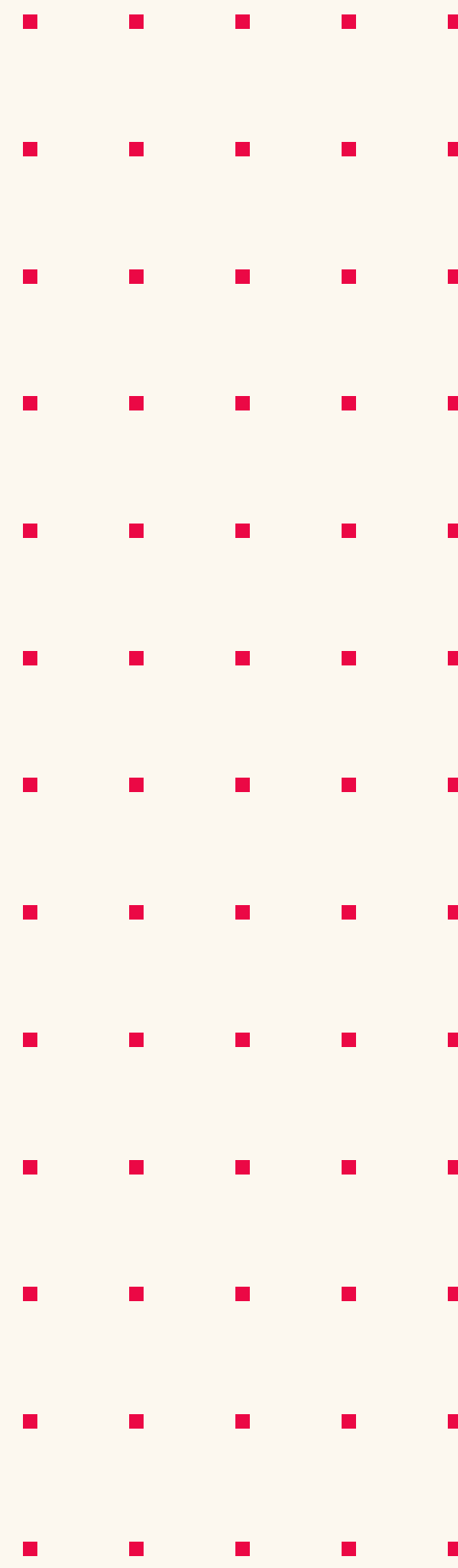
- Elevate customer inspiration by adding brand support, in-store marketing, and visual presentation







# Q3 2025 RESULTS





# Q3 2025 Summary

## Key Takeaways

- Q3 Net Sales declined (2.8%) versus Q3 2024 and Comparable Sales decreased (1.7%)
- Gross Margin increased 51 bps to last year driven by greater penetration of proprietary brands, category mix benefits, and strong inventory management
- SG&A expense declined (2.1%) to last year from tightly managed expenses in stores, marketing, and fulfillment. Additional benefit from credit revenue expense shifting into Other Revenue.
- Adjusted Operating Income of \$77 million and Adjusted Net Income of \$11 million or \$0.10 of Adjusted Earnings Per Diluted Share <sup>1</sup>

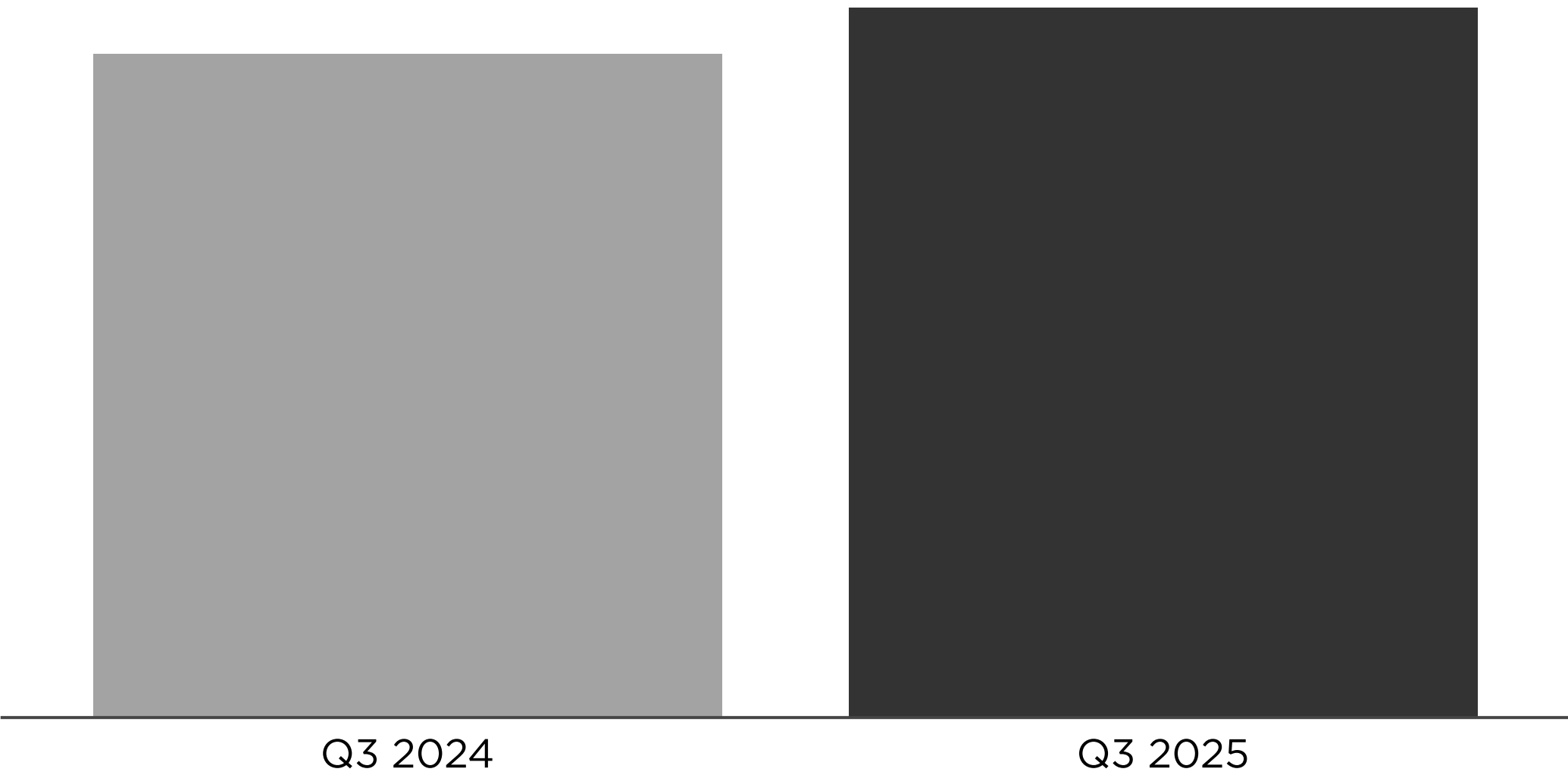




# Q3 2025 Gross Margin & SG&A Expense Performance

## Gross Margin

Increased 51 bps vs Q3 2024

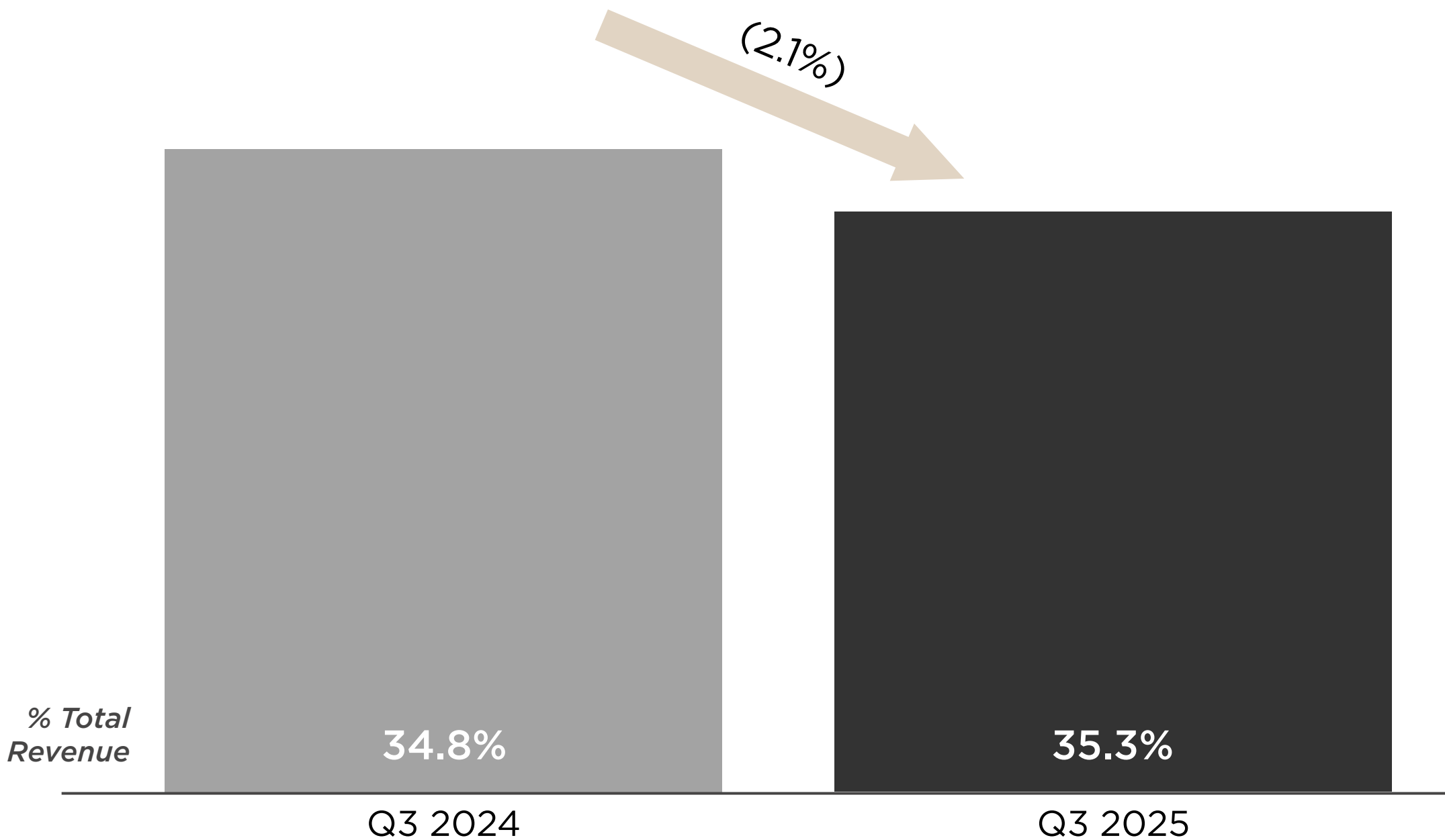


### Q3 2025 Gross Margin Takeaways

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

## SG&A Expense

Deleveraged (55 bps) vs Q3 2024



### Q3 2025 SG&A Takeaways

- Lower spending in stores, marketing, and fulfillment
- 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 \$5.2B currently reflects the lease periods probable to be exercised, which averages 18 years
- The lease payments for periods actually exercised, is \$2.4B, which averages 4 years
- When adjusting for the actual lease periods exercised Kohl’s Leverage Ratio is reduced to 2.6x, down from the Unadjusted Ratio of 4.5x

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

Rolling 12 months as of Q3 2025

(Dollars in Millions)	Unadjusted	Adjusted	
Adjusted EBITDA <sup>(1)</sup>	\$ 1,209	\$ 1,209	
Rent Expense	271	271	
<b>Adjusted EBITDAR</b>	<b>1,480</b>	<b>1,480</b>	
Current portion of long-term Debt	0	0	
Borrowings under revolving credit facility	45	45	
Long-term Debt	1,522	1,522	
Debt	1,567	1,567	
Less: Cash & Cash Equivalents	(144)	(144)	
<b>Net Debt</b>	<b>1,423</b>	<b>1,423</b>	
<b>Net Debt / EBITDA Leverage</b>	<b>1.2x</b>	<b>1.2x</b>	
Current and long-term Fin Leases & Fin Obs	2,473	1,214	Contractually obligated payments for Finance & Financing Obligation Leases
Current and long-term Operating Leases	2,762	1,176	Contractually obligated payments for Operating Leases
<b>Net Debt + Leases</b>	<b>\$ 6,658</b>	<b>\$ 3,813</b>	
<b>Net Debt + Leases / EBITDAR Leverage</b>	<b>4.5x</b>	<b>2.6x</b>	



# Q3 2025

## Key Metrics

### Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	November 1, 2025	November 2, 2024
Net Sales	\$ 3,407	\$ 3,507
Total Revenue	3,575	3,710
Gross Margin Rate	39.6%	39.1%
SG&A	1,263	1,291
Depreciation	176	184
Adjusted Operating Income (Non-GAAP) <sup>1</sup>	77	98
Interest Expense, net	75	76
(Benefit) for Income Taxes	(9)	0
Adjusted Net Income (Non-GAAP) <sup>1</sup>	11	22
Adjusted Diluted EPS (Non-GAAP) <sup>1</sup>	\$ 0.10	\$ 0.20
Net Income	8	22
Diluted EPS	\$ 0.07	\$ 0.20

### Key Balance Sheet Items

(Dollars in Millions)

	November 1, 2025	November 2, 2024
Cash and Cash Equivalents	\$ 144	\$ 174
Merchandise Inventories	3,895	4,099
Accounts Payable	1,842	1,873
Borrowings under revolving credit facility	45	749
Current portion of Long-term debt	0	353
Long-term Debt	1,522	1,174

### Key Cash Flow items

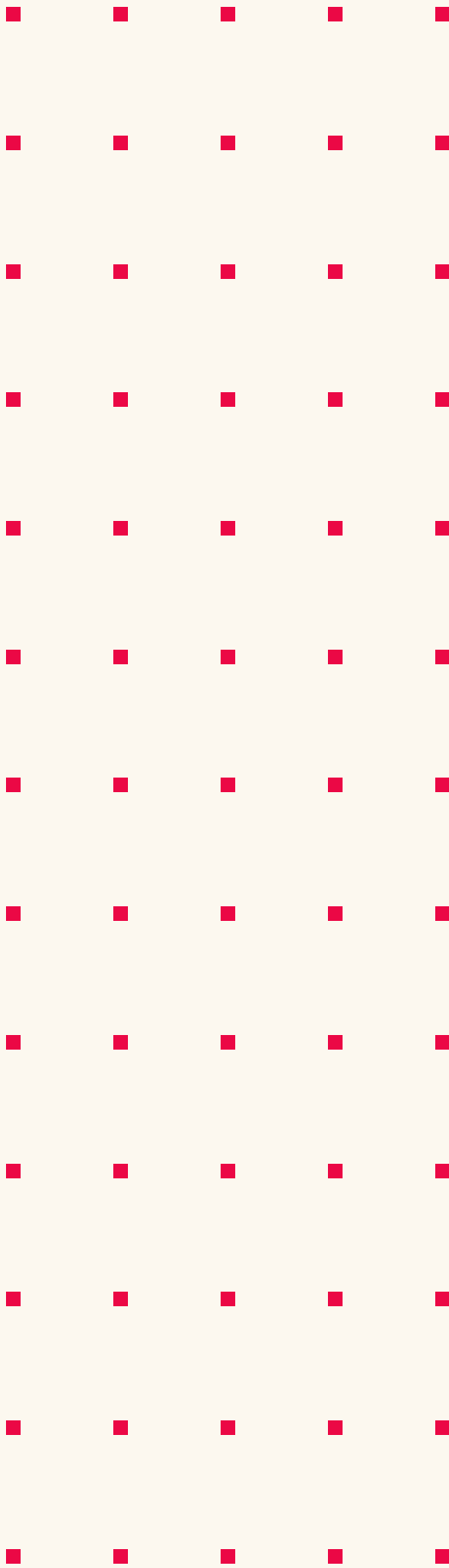
(Dollars in Millions)

	November 1, 2025	November 2, 2024
	Nine Months Ended	Nine Months Ended
Operating Cash Flow	\$ 630	\$ 52
Capital Expenditures	(308)	(367)
<b>Free Cash Flow</b>	<b>322</b>	<b>(315)</b>
Finance lease and Financing Obligations	(62)	(62)
Proceeds from Financing Obligations	10	1
<b>Adjusted Free Cash Flow (Non-GAAP) <sup>1</sup></b>	<b>\$ 270</b>	<b>\$ (376)</b>

(1) Adjusted Operating Income, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, and Adjusted Free Cash Flow are non-GAAP financial measures. Reconciliation for Free Cash Flow and Adjusted Free Cash Flow is above. Reconciliations for the other measures can be found in the Appendix



# 2025 OUTLOOK





# 2025 Holiday Preview

- Well-positioned to deliver the great experience that customers expect in order to make Kohl's a go-to destination for gifting and holiday shopping
- Capitalize on gifting opportunities by leaning into Sephora and Jewelry gift sets, expanding our compelling holiday apparel assortment, and offering must-have toys
- Curating a front of store display designed to inspire with thoughtful gifts for the family and seasonal decor
- Delivering our seasonal inventory earlier to ensure we have the right products where they need to be for the shopping season
- Amplifying our promotional strategy and rewards program to maximize customer engagement while providing exceptional value to our customers



**BLACK**  
**FRIDAY** DEALS





# Updated 2025 Financial Outlook

METRIC	FULL YEAR GUIDANCE
Net Sales	(3.5%) to (4%) vs. 2024
Comp Sales	(2.5%) to (3%)
Adjusted Operating Margin <sup>1</sup>	3.1% to 3.2%
Adjusted Diluted EPS <sup>1</sup>	\$1.25 to \$1.45

## Capital Allocation Outlook

- Capex: Approximately \$400 million
- Dividend: \$0.125 dividend payable on December 24, 2025





# 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

We remain committed to returning capital to shareholders, with an annual cash dividend of \$0.50 per share that supports continued balance sheet flexibility

## ➔ Reduce Debt

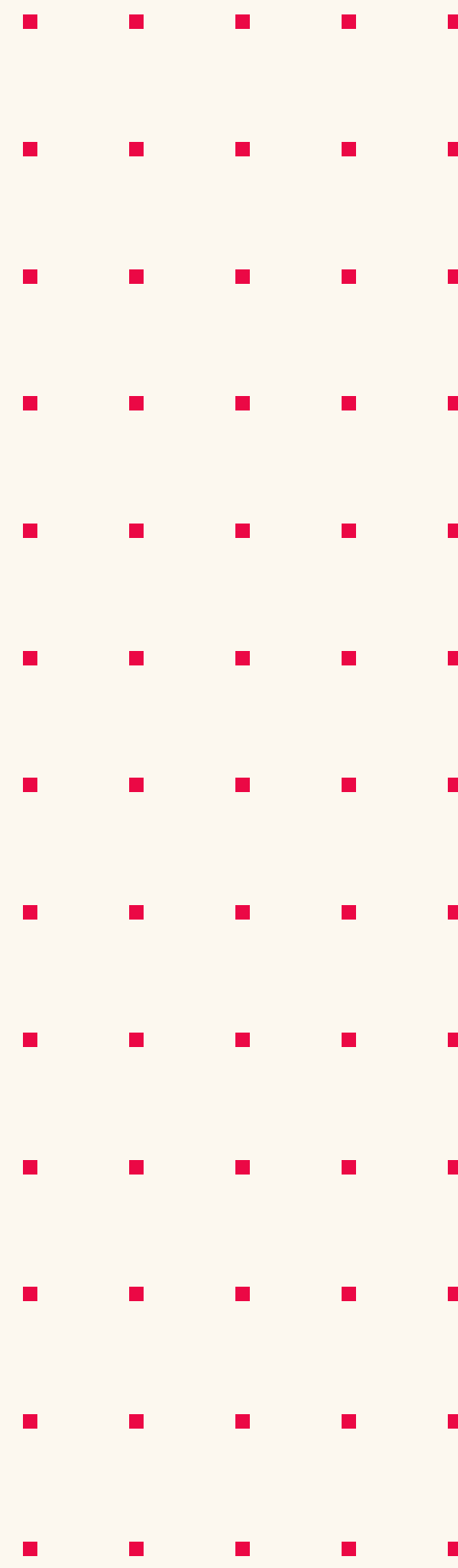
Our focus is on rebuilding our cash balance, reducing our reliance on the revolver and capitalizing on opportunities to further reduce our debt and overall leverage

## ➔ Share Repurchases

We intend to resume share repurchases over the long-term, using excess cash flow following an improvement in overall leverage



# APPENDIX





# Reconciliation

Adjusted EBITDA	52 Weeks Ended	
<i>(Dollars in Millions)</i>	November 1, 2025	
Net Income (GAAP)	\$	194
Provision for income taxes		41
Interest expense, net		303
Depreciation and amortization		709
(Gain) on legal settlement		(129)
Impairments, store closing and other costs		91
Adjusted EBITDA (Non-GAAP)	\$	1,209



# Reconciliation

## Operating Income

(Dollars in Millions)

	Three Months Ended		Nine Months Ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
Net Income (GAAP)	\$ 8	\$ 22	\$ 147	\$ 61
Benefit (provision) for Income Taxes	(10)	0	36	1
Interest expense, net	75	76	229	245
Operating Income (GAAP)	73	98	412	307
(Gain) on legal settlement	0	0	(129)	0
Impairment, store closing and other costs	4	0	15	0
<b>Adjusted Operating Income (Non-GAAP)</b>	<b>\$ 77</b>	<b>\$ 98</b>	<b>\$ 298</b>	<b>\$ 307</b>



# Reconciliation

Net Income

(Dollars in Millions)

	Three Months Ended		Nine Months Ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
GAAP	\$ 8	\$ 22	\$ 147	\$ 61
Impairments, store closing and other costs	4	0	15	0
(Gain) on legal settlement	0	0	(129)	0
Income tax impact of items noted above	(1)	0	28	0
Adjusted (Non-GAAP)	\$ 11	\$ 22	\$ 61	\$ 61



# Reconciliation

Diluted Earnings Per Share

	Three Months Ended		Nine Months Ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
GAAP	\$ 0.07	\$ 0.20	\$ 1.30	\$ 0.55
Impairments, store closing and other costs	0.04	0.00	0.14	0.00
(Gain) on legal settlement	0.00	0.00	(1.14)	0.00
Income tax impact of items noted above	(0.01)	0.00	0.24	0.00
Adjusted (Non-GAAP)	\$ 0.10	\$ 0.20	\$ 0.54	\$ 0.55



**KOHL'S®**