











KOHL'S

Q4 2021 Results Presentation

March 1, 2022









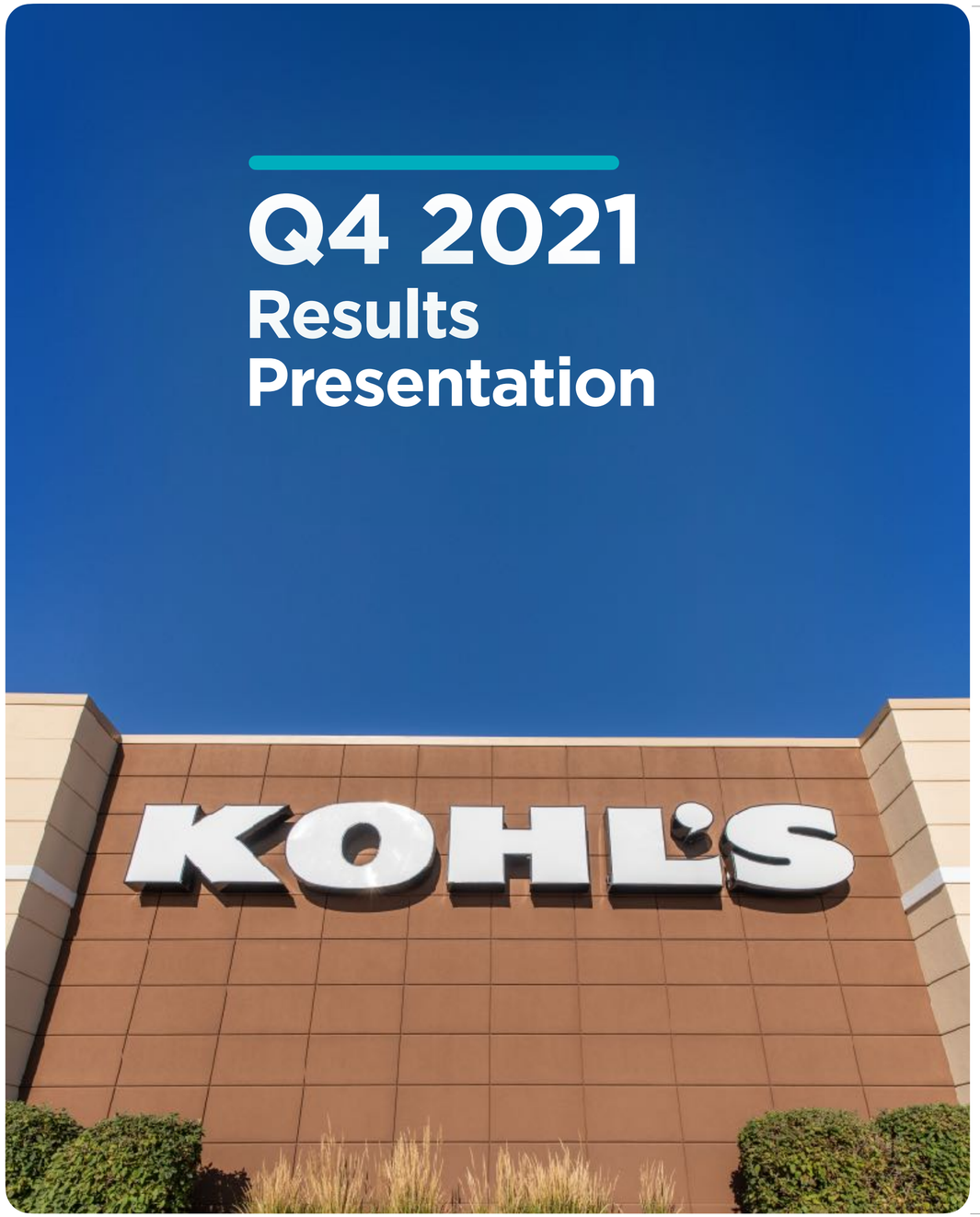
Cautionary Statement Regarding Forward-Looking Information

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, those described in Item 1A in Kohl's Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in Kohl'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 the short and 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 Adjusted EPS and Adjusted Net Income. Reconciliations of all non-GAAP measures to the most directly comparable GAAP measures are included in the Appendix of this presentation.





Q4 2021
Results Presentation

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Key Takeaways and 2022 Outlook

Key Takeaways

Fundamentally restructured business to be more profitable

- Delivered all-time record adjusted diluted EPS of $7.33 in 2021, eclipsing previous high of $5.60 in 2018
- Operating margin of 8.6% in 2021 exceeded our goal of 7% to 8% two years ahead of plan

Our strategy is building momentum

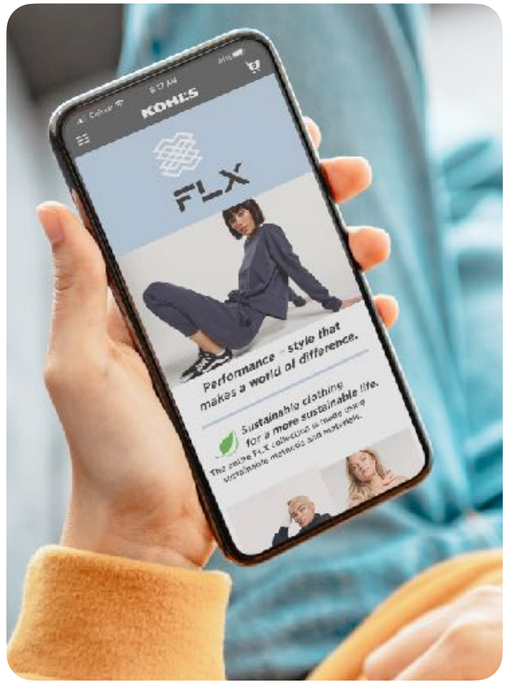
- Sephora continues to drive impressive results, which gives us confidence as we further expand the partnership in 2022
- Ongoing strength in our Active business, which grew more than 40% in 2021

Returning a significant amount of capital to shareholders

- Returned $1.5 billion of capital to shareholders in 2021
- Kohl's Board approved a 100% increase in our dividend, which equates to an annual dividend of $2.00 per share, and a $3.0 billion share repurchase authorization
- Plan to repurchase at least $1.0 billion in shares in 2022, of which $500 million is expected to be repurchased through open market transactions or an accelerated share repurchase (ASR) program executed in Q2 2022







(1) - Adjusted diluted EPS is a non-GAAP financial measure. Please refer to the reconciliation included in the Appendix for more information.

2022 Outlook

Metric	Full Year Guidance
Net Sales	**2% to 3% increase** versus 2021
Operating Margin	**7.2% to 7.5%**
EPS	**$7.00 to $7.50**

Capital Allocation Strategy

- **Capex:** ~$850 million
- **Dividend:** $0.50 quarterly dividend payable on March 30, 2022
- **Share Repurchase Program:** Kohl's Board of Directors approved $3.0 billion share repurchase authorization; and the Company plans to repurchase at least $1.0 billion in shares in 2022, of which $500 million is expected to be repurchased through open market transactions or an ASR program executed in Q2 2022













Q4 2021 Key Metrics

- **Net sales increased 5.8%** versus Q4 2020 driven by double-digit growth in store sales, with overall Active sales increasing more than 25%
- **Operating Margin of 6.9%** in Q4 2021, driven by a 124 bps gross margin improvement and 15 bps SG&A expense ratio improvement versus the prior year
- **Diluted EPS of $2.20** exceeded expectations

Consolidated Statement of Operations	**Three Months Ended**	
(Dollars in Millions)	**January 29, 2022**	**January 30, 2021**
Net Sales	$ 6,220	5,879
Total Revenue	6,499	6,141
Gross Margin Rate	33.2%	32.0%
SG&A	1,687	1,603
Depreciation	207	218
Impairments, Store Closings, and Other Costs	—	4
Operating Income	450	316
Interest Expense	65	70
Provision for Income Taxes	86	(97)
Net Income	299	343
Diluted EPS	$2.20	$2.20
Adjusted Net Income (Non-GAAP)[(1)]	299	346
Adjusted Diluted EPS (Non-GAAP)[(1)]	$2.20	$2.22

Key Balance Sheet Items *(Dollars in Millions)*	**January 29, 2022**	**January 30, 2021**
Cash and Cash Equivalents	$ 1,587	$ 2,271
Merchandise Inventories	3,067	2,590
Accounts Payable	1,683	1,476
Long-term Debt	1,910	2,451

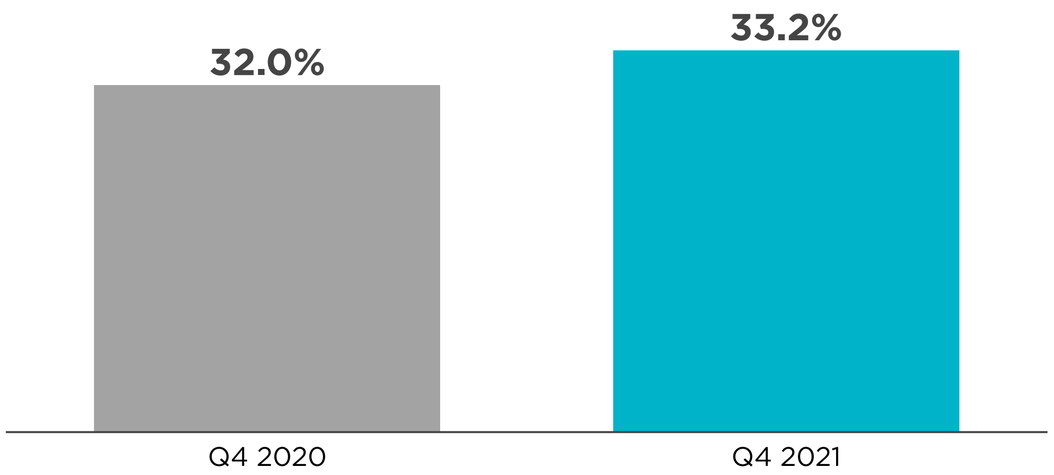
(1)-Adjusted Net Income and Adjusted Diluted EPS are non-GAAP financial measures. Please refer to the reconciliations included in the Appendix for more information.

Amounts shown for the three months ended January 29, 2022 are GAAP as there are no adjustments to Non-GAAP. These amounts are shown for comparability purposes. All other periods are Non-GAAP and exclude Loss on Extinguishment of debt, Impairments, store closing and other costs and Gain on sale of real estate if applicable.

Q4 2021 Gross Margin & SG&A Expense Performance

Gross Margin

Increased 124 bps versus Q4 2020

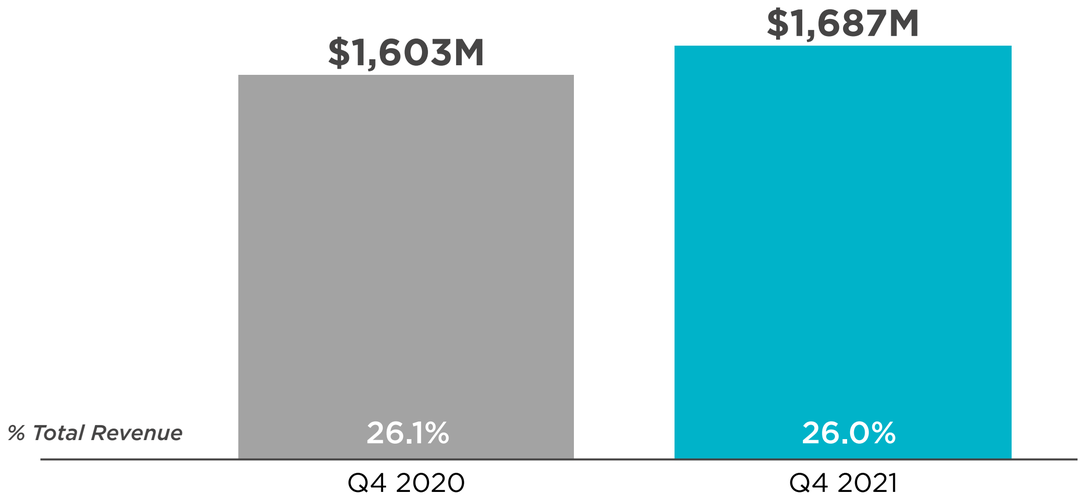


Q4 2021 Gross Margin Takeaways

- ⊕ Achieved 10 year high inventory turn
- ⊕ Further scaled pricing and promotion optimization strategies
- ⊕ Lower product cost driven by sourcing initiatives
- ⊖ Higher transportation costs due to global supply chain challenges

SG&A Expense

SG&A leveraged 15 bps versus Q4 2020



Q4 2021 SG&A Takeaways

- ⊕ Improved store labor productivity
- ⊕ Lower technology spend
- ⊖ Higher wage costs across stores and distribution centers

Enhanced Liquidity Position

Key Balance Sheet & Cash Flow Items: FY 2021

January 31, 2021	
Beginning Cash	**$2,271M**
Sources	
Operating Cash Flow	$2,271M
New Debt	$500M
Uses	
Reductions in LT Debt	($1,044M)
Share Repurchase	($1,355M)
Capex	($605M)
Other*	($304M)
Dividend	($147M)
January 29, 2022	
Ending Cash	**$1,587M**

Key Takeaways

- Strong earnings performance and cash flow generation further improved leverage profile
- Increased share repurchases, reinforcing our confidence in the business and commitment to creating shareholder value
- Long history of disciplined capital management
- More than two decades of maintaining Investment Grade rating
- Well-positioned to capitalize on evolving customer behaviors and the retail industry disruption

*Other includes premium paid on redemption of debt, finance lease and financing obligation payments, and other.

Investor Day 2022

Investor Day 2022

VIRTUAL EVENT

March 7, 2022
9am ET - 12pm ET

Join us Monday, March 7, as CEO Michelle Gass, CFO Jill Timm, and members of our executive leadership team provide an update on our strategy and key initiatives, an overview of our financial plan, as well as address participant questions.

Registration details can be found on Kohl's Investor Relations Website: investors.kohls.com



Kohl's Investor Day 2022 Agenda

1



Company Overview & Strategy

Michelle Gass
Chief Executive Officer

2



Merchandising

Doug Howe
Chief Merchandising Officer

3



Customer & Marketing

Greg Revelle
Chief Marketing Officer

4



Omnichannel & Technology

Paul Gaffney
Chief Technology & Supply Chain Officer

5



Financial & Capital Allocation Strategies

Jill Timm
Chief Financial Officer

6



ESG

Michelle Gass
Chief Executive Officer

7

Q&A

All Speakers
Michelle Gass, Doug Howe, Greg Revelle, Paul Gaffney, Jill Timm

Appendix

Reconciliations

Adjusted Net Income (Loss) and Diluted Earnings (Loss) per Share, Non-GAAP Financial Measures (unaudited)

(Dollars in Millions, Except per Share Data)	Three Months Ended January 29, 2022	Three Months Ended January 30, 2021
Net Income (Loss)		
GAAP	$ 299	$ 343
Impairments, store closing, and other	—	4
Income tax impact of items noted above	—	(1)
Adjusted (non-GAAP)	**$ 299**	**$ 346**

Diluted Earnings (Loss) per Share	Three Months Ended January 29, 2022	Three Months Ended January 30, 2021	Twelve Months Ended January 29, 2022
GAAP	$ 2.20	$ 2.20	6.32
Impairments, store closing, and other	—	0.03	—
Loss on extinguishment of debt	—	—	1.35
Income tax impact of items noted above	—	(0.01)	(0.34)
Adjusted (non-GAAP)	**$ 2.20**	**$ 2.22**	**7.33**

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