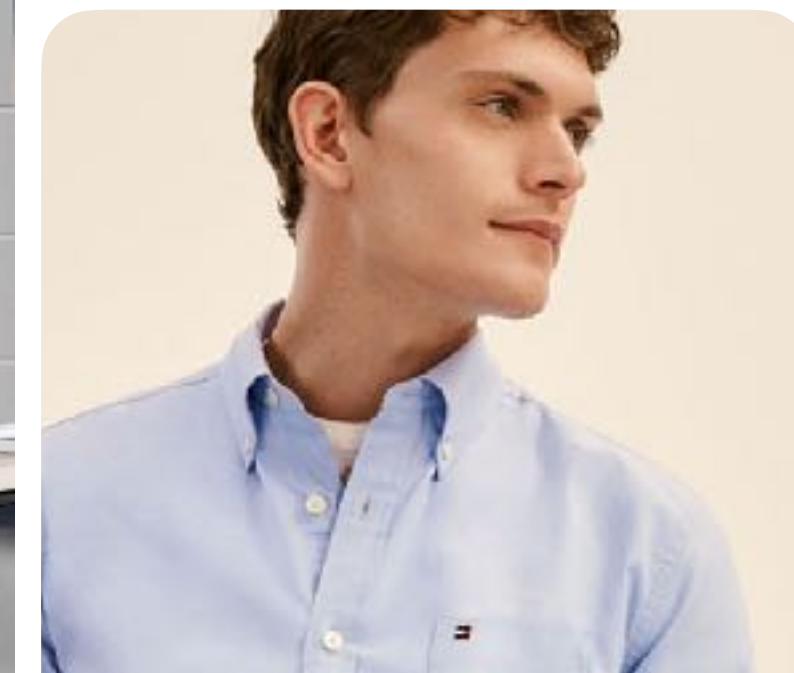




KOHL'S

Q3 2022 Results Presentation

November 17, 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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Q3 2022 Results

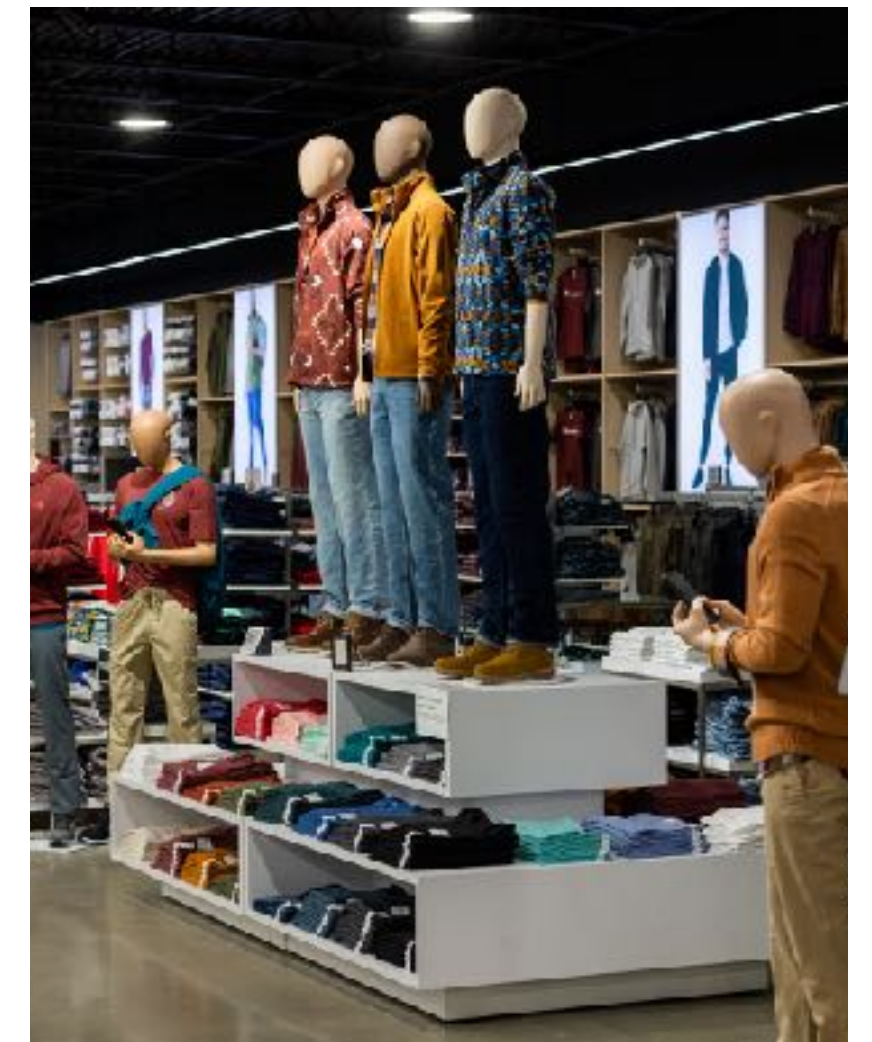
Q3 2022 Summary

Key Takeaways

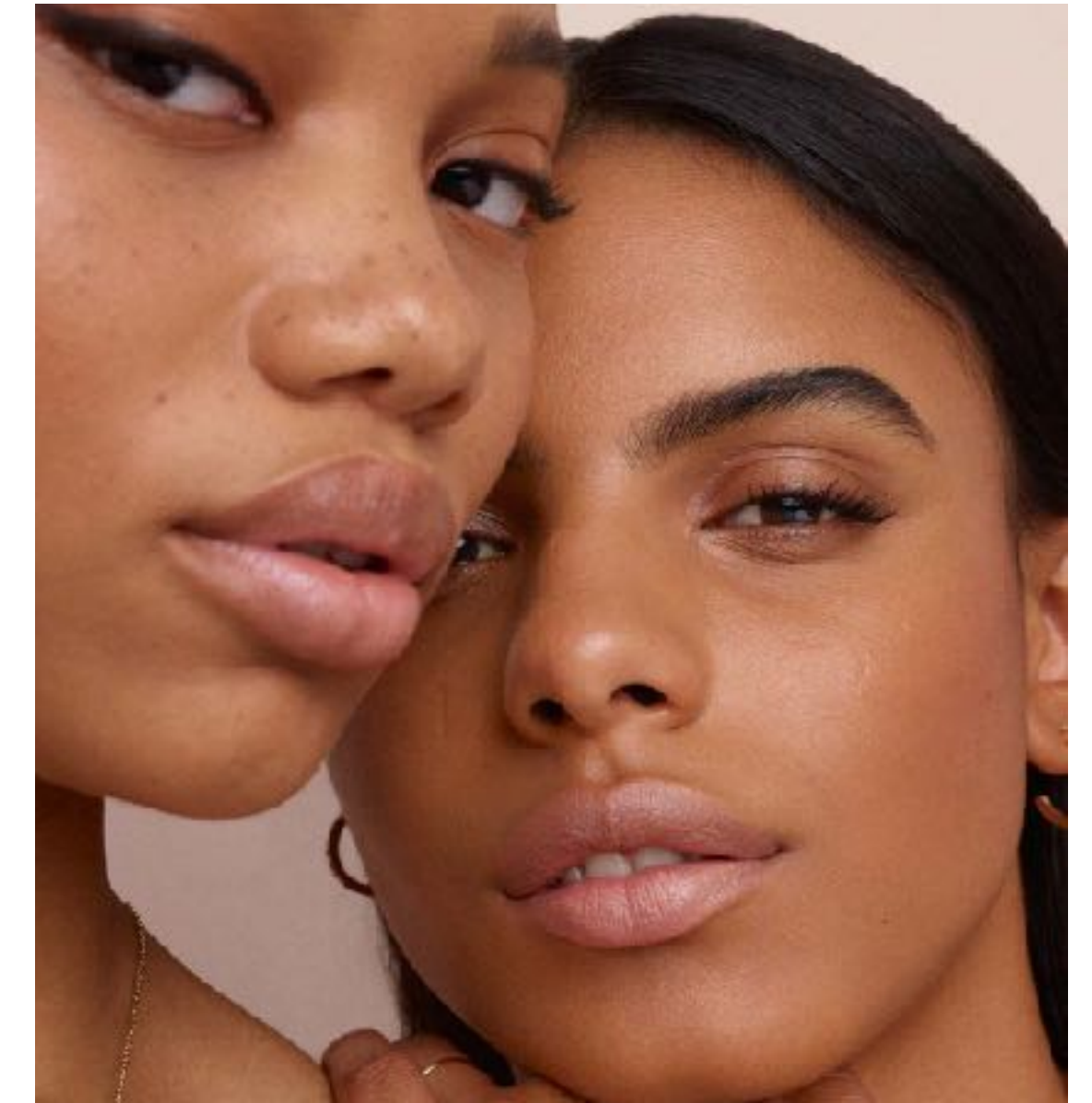
- Performance during the third quarter was relatively in line with our expectations, as the organization managed the business effectively in a challenging macroeconomic environment
- High inflation continues to dampen consumer spending and our business, especially in the discretionary categories we offer. Our middle-income customers continued to purchase fewer items per trip and trade down to value-oriented private brands
- Sephora, a key element of our strategy, delivered strong beauty sales growth. We continue to see mid-to-high single digit percent sales lifts in stores with Sephora relative to the balance of the chain
- Subsequent to the end of the quarter, completed \$500M accelerated share repurchase program. In total, received 17.9M shares, consisting of 11.8M shares in Q3 and the remaining 6.1M shares in Q4
- Focused on maintaining strong balance sheet with long-term objective of sustaining Investment Grade rating with leverage target of 2.5x

Q3 2022

- Comparable sales declined (6.9%) versus Q3 2021; net sales declined (7.2%)
- Gross margin decreased (263 bps) compared to last year due to increased freight costs and product cost inflation, as well as elevated shrink
- SG&A expense decreased (3.3%) benefiting primarily from the lack of holiday-based retention incentives this year and lapping last year's Sephora roll out expenses, as well as disciplined expense management which offset wage headwinds
- Operating margin of 4.7% in Q3 with diluted earnings per share of \$0.82
- Inventory increased 34% to last year, with our Sephora at Kohl's beauty investments contributing 5 percentage points of the increase; when compared to the third quarter of 2019, inventory was flat



Sephora at Kohl's continues to drive impressive results in Q3



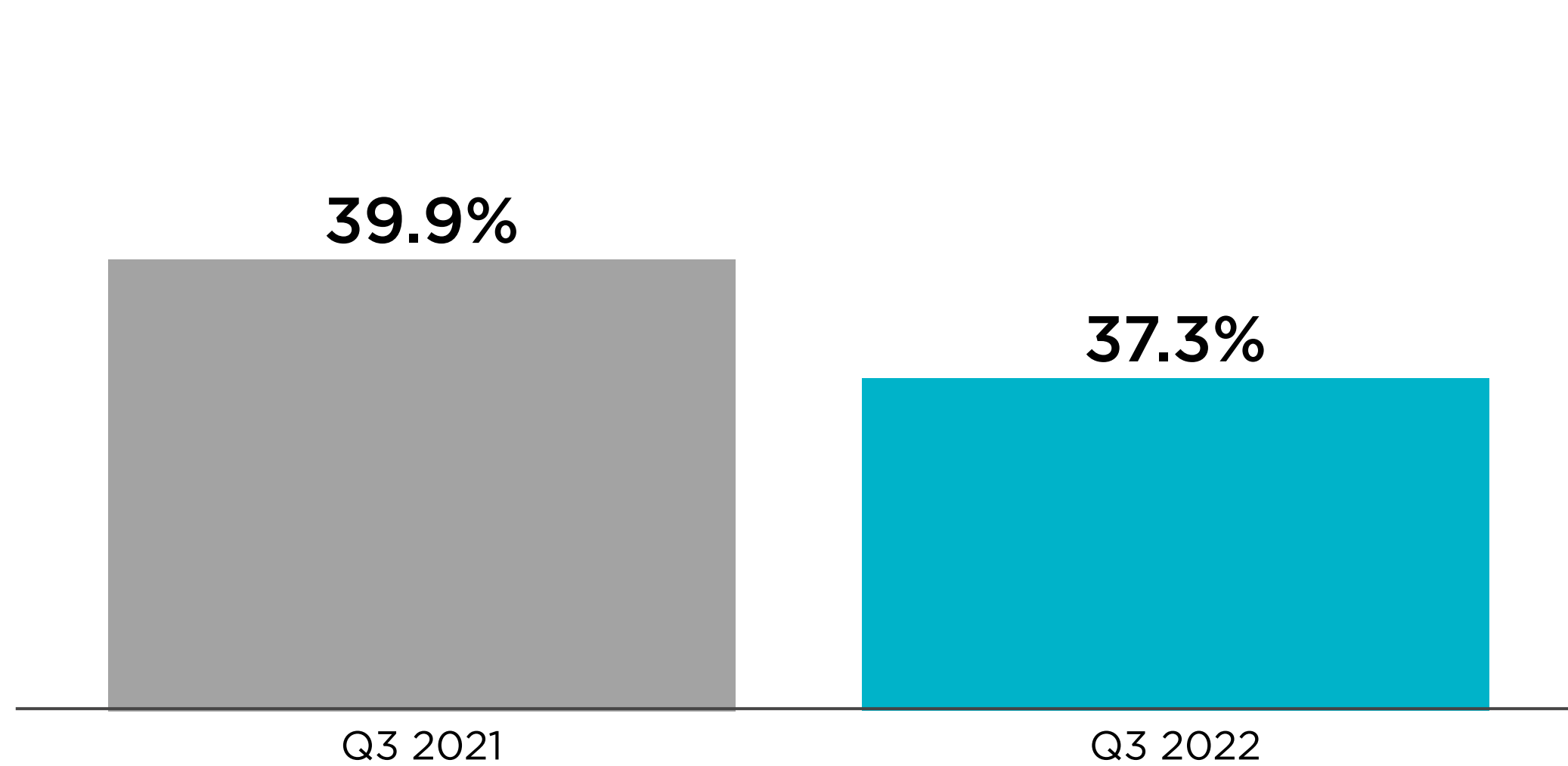
- Kohl's stores with Sephora continue to outperform the balance of chain, attracting new customers and driving traffic
- The partnership is attracting new, younger, and more diverse customers. Customers that shop Sephora at Kohl's visit more frequently than our average customer.
- Approximately 400 Sephora shops opened in 2022 and 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



Q3 2022 Gross Margin & SG&A Expense Performance

Gross Margin

Decreased (263 bps) versus Q3 2021

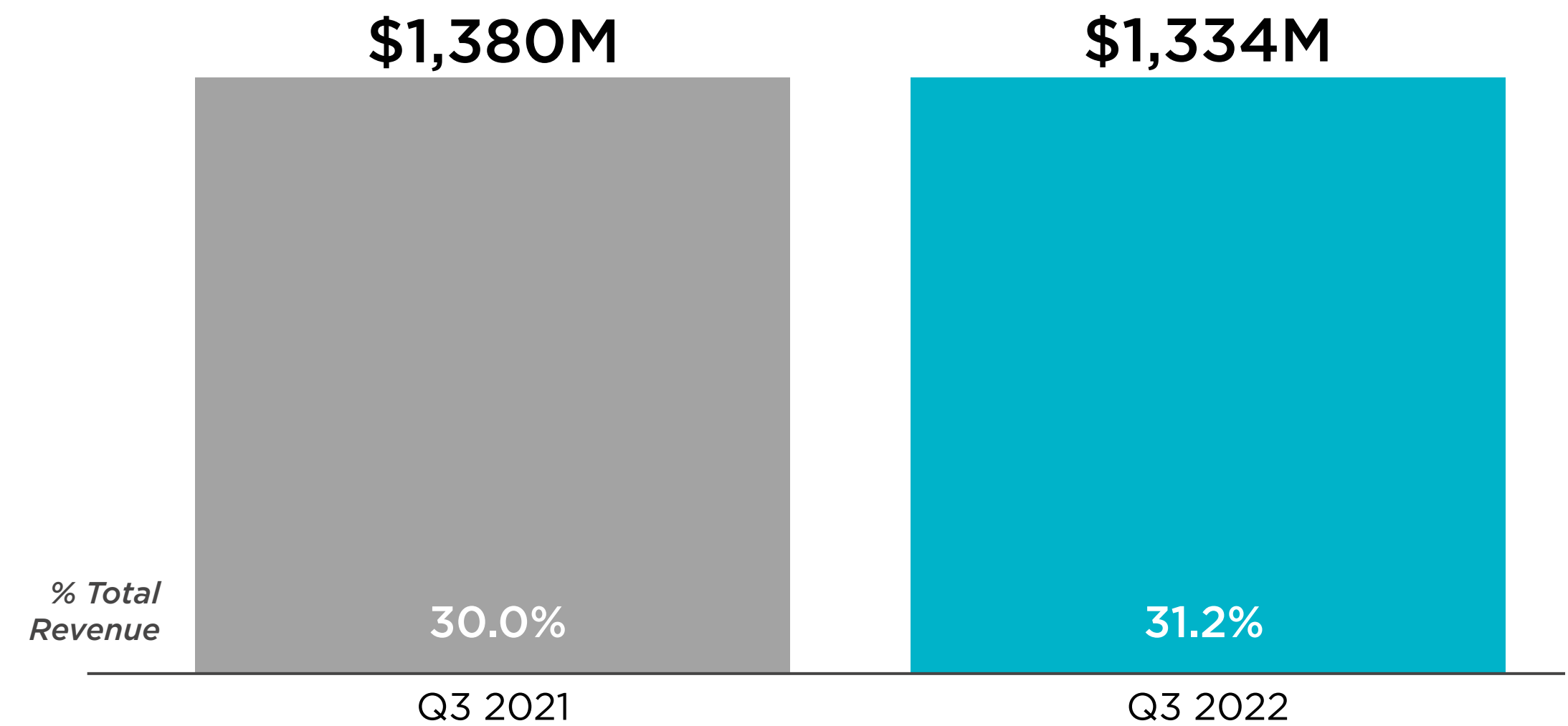


Q3 2022 Gross Margin Takeaways

- Elevated freight costs pressured margin by 150 bps
- Higher product costs driven by inflation were a 50 bps headwind
- Elevated shrink
- Continued to benefit from price/promotion optimization

SG&A Expense

Deleveraged (120 bps) vs Q3 2021



Q3 2022 SG&A Takeaways

- Lack of holiday-based retention incentives this year
- Lapping last year's Sephora roll out expenses
- Disciplined expense management offset continued wage headwinds

Committed to Balance Sheet Strength Through Balanced Capital Allocation Strategy

- Long-term objective of maintaining Investment Grade rating with a leverage target of 2.5x
- Will continue to prioritize investments in the business, followed by our commitment to the dividend with excess cash deployed for liability management and share repurchases
- 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

2022 Actions

- **Investment in the Business**
 - Investing approximately \$825M, driven by -400 additional Sephora shops and store refreshes
- **Commitment to the Dividend**
 - Increased quarterly dividend to \$0.50 per share, equating to a \$2.00 annual run rate
- **Share Repurchases**
 - \$658M in share repurchases, inclusive of \$500M ASR completed on November 2, 2022
- **Asset Monetization**
 - Will continue normal process of regularly evaluating real estate to optimize portfolio, but not engage in a transformative sale-leaseback transaction at this time
- **Revolver**
 - Leveraged revolver to support seasonal inventory build ahead of holiday as well as to fund the ASR
 - Expect to fully repay revolver borrowings in early December as we move through the key parts of the holiday selling season.

Forward Commitments

- **Return to normalized cash & path to 2.5x leverage ratio**
- **Investment in our Business Remains First Priority of Cash Usage**
 - Open 250 additional Sephora at Kohl's shops, as well as make progress on developing a smaller footprint concept for our remaining 300 stores
 - Expect capital expenditures to be lower in 2023 than in 2022
- **Commitment to the Dividend**
 - Remain firmly committed to our current dividend
- **Liability Management**
 - Plan to retire the 2023 bond maturities totaling \$275M during 2023
- **Share Repurchases**
 - We are not planning on repurchasing any additional shares until our balance sheet is strengthened on a path towards our leverage target of 2.5 times

Q3 Key Metrics

Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	October 29, 2022	October 30, 2021
Net Sales	\$ 4,052	\$ 4,366
Total Revenue	4,277	4,600
Gross Margin Rate	37.3%	39.9%
SG&A	1,334	1,380
Depreciation	202	210
Operating Income	200	387
Interest Expense	81	66
Provision for Income Taxes	22	78
Net Income	97	243
Diluted EPS	\$0.82	\$1.65

Key Balance Sheet Items

(Dollars in Millions)

	October 29, 2022	October 30, 2021
Cash and Cash Equivalents	\$ 194	\$ 1,873
Merchandise Inventories	4,874	3,642
Accounts Payable	2,014	2,135
Borrowings under revolving credit facility	668	0
Current portion of Long-term debt	164	0
Long-term Debt	1,747	1,909

Key Cash Flow items

(Dollars in Millions)

	October 29, 2022	
	Three Months Ended	Nine Months Ended
Operating Cash Flow	\$ 121	\$ (425)
Capital Expenditures	(185)	(733)
Net, Finance lease and Financing obligations	(22)	(72)
Free Cash Flow ⁽¹⁾	\$ (86)	\$ (1,230)

2022 Outlook Commentary

Fourth Quarter 2022 Considerations

Strengths

- 600+ Sephora at Kohl's shops open this Holiday vs. 200 last year
- Lapping sales headwinds in Q4 2021 due to lack of inventory driven by global supply chain issues
- Amplify value-driven messaging and product newness
- Remain agile with disciplined inventory and expense management

Challenges

- Challenging macroeconomic environment with persistently high inflation
- Recent demand trends have been unpredictable when comparing to last year
- Expectation that holiday season will be competitive and highly promotional
- Unexpected CEO transition



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

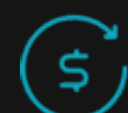
Creating Long-term Shareholder Value



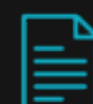
Return to growth



Expand operating margin



Solid cash flow generation



Maintain strong balance sheet



Return capital to shareholders

Committed to Creating Long-Term 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: Leading destination for national branded denim (Levi's, Lee) along with value-oriented private label offerings (Sonoma, Lauren Conrad)
- 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 (impulse merchandising, Sephora gift cards)
- Expanding holiday gifting assortment and increasing marketing investment to drive traffic during holiday 2022



Leading with Loyalty & Value

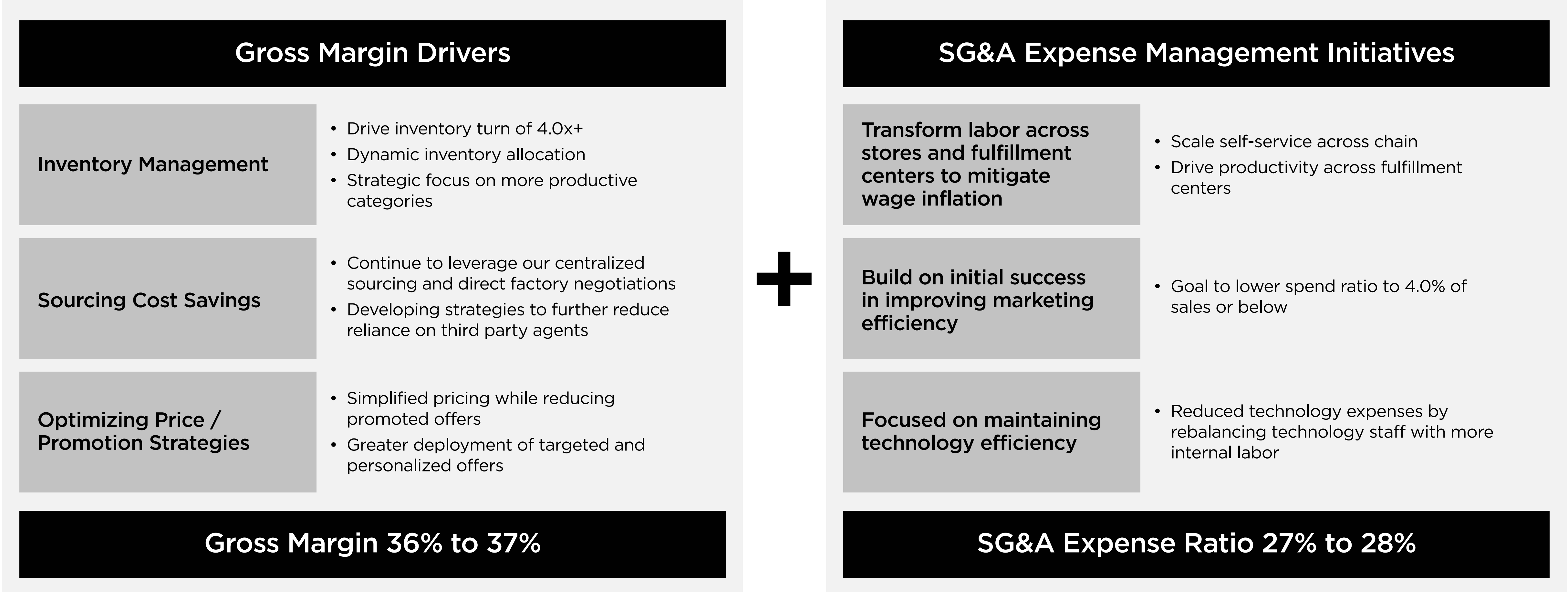
- Kohl's Cash: Iconic and differentiated loyalty device that provides a fly-wheel effect on customer return visits
- Kohl's Rewards: 30M+ loyalty members spend 2x more than non-loyalty members
- Kohl's Card: Industry-leading private label credit card
 - Enhanced rewards to get 50% more on every purchase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



Differentiated Omnichannel Experience

- Long-term opportunity to open 100 new smaller format stores, including several in 2022 and 2023
- Expanding omni capabilities in stores
 - Self-service BOPUS in all stores in 2022
 - Piloting self-returns
 - Testing self-service checkout
- Enhancing digital experience to drive growth
 - Expanded online assortment through Kohl's Marketplace
 - 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

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)

October 29, 2022

	Three Months Ended	Nine Months Ended
Net cash provided by operating activities	\$ 121	\$ (425)
Acquisition of property and equipment	(185)	(733)
Finance lease and financing obligation payments	(26)	(81)
Proceeds from financing obligations	4	9
Free Cash Flow	\$ (86)	\$ (1,230)

