NEWS RELEASE

Kohl's Reports Third Quarter Fiscal 2026 Financial Results

2026-11-24

MENOMONEE FALLS, Wis.--(BUSINESS WIRE)-- Kohl’s Corporation (NYSE: KSS) (“Kohl’s” or the “Company”) today reported results for the third quarter ended October 31, 2026.

- Net sales increased 1.3% and comparable sales increased 1.2%
- Gross margin increased 145 basis points
- Tax benefit of $137 million or $1.16 per diluted share recognized in the quarter
- Diluted earnings per share (“EPS”) of $2.15 for the quarter
    - Includes gain on sale of real estate of $61 million or $0.39 per diluted share
    - Includes tax benefit of $137 million or $1.16 per diluted share
    - Includes tariff refund benefit of $45 million or $0.28 per diluted share
- Raises full year 2026 financial outlook

Michael Bender, Kohl’s Chief Executive Officer, said, “In the third quarter, we returned to top-line growth with a positive 1.2% comparable sales performance. As we make steady, tangible progress on our strategic initiatives, our customers are responding favorably, driving broad-based improvements across the business. While this is an encouraging milestone, we know crucial work remains ahead.

Alongside the sales performance, our team operated with strong financial discipline, optimizing our cost structure, solidifying our balance sheet, and delivering strong cash generation. This operational rigor gives us the financial flexibility and confidence to continue investing in the business and deliver sustainable long-term shareholder value,” Bender continued.

Third Quarter 2026 Results

Comparisons refer to the 13-week period ended October 31, 2026 versus the 13-week period ended November 1, 2025

- Net sales increased 1.3% year-over-year, to $3.5 billion, with comparable sales also up 1.2%.
- Gross margin as a percentage of net sales was 41.0%, an increase of 145 basis points year-over-year.
- Selling, general & administrative (SG&A) expenses increased 1.2% year-over-year, to $1.3 billion. As a percentage of total revenue, SG&A expenses were 35.1%, a decrease of 20 basis points year-over-year.
- Operating income was $217 million compared to $73 million in the prior year. As a percentage of total revenue, operating income was 6.0%, an increase of 392 basis points year-over-year. Adjusted operating income was $156 million compared to $77 million in the prior year. As a percentage of total revenue, adjusted operating income was 4.3%, an increase of 213 basis points year-over-year. [(a)]
- Net income was $254 million, or $2.15 per diluted share. This compares to net income of $8 million, or $0.07 per diluted share in the prior year. Adjusted net income was $207 million, or $1.76 per adjusted diluted share. This compares to adjusted net income of $11 million, or $0.10 per adjusted diluted share, in the prior year. [(a)]
- Inventory was $3.9 billion, a decrease of 1% year-over-year.
- Tax benefit of $137 million resulting from tax examinations being effectively settled was recorded during the quarter, which increased diluted EPS by $1.16 for the quarter.
- Tariff refunds of approximately $45 million flowed through gross margin in the quarter.
- Gain on sale of real estate of $61 million was recognized related to the sale of two properties.

Nine Months Fiscal Year 2026 Results

Comparisons refer to the 39-week period ended October 31, 2026 versus the 39-week period ended November 1, 2025

- Net sales decreased 0.4% year-over-year, to $9.8 billion, with comparable sales also down 0.2%.
- Gross margin as a percentage of net sales was 41.3%, an increase of 156 basis points year-over-year.
- Selling, general & administrative expenses decreased 0.4% year-over-year to $3.6 billion. As a percentage of total revenue, SG&A expenses were 35.0%, a decrease of 2 basis points year-over-year.
- Operating income was $524 million compared to $412 million in the prior year. As a percentage of total revenue, operating income was 5.1%, an increase of 110 basis points year-over-year. Adjusted operating income was $463 million compared to $298 million in the prior year. As a percentage of total revenue, adjusted operating income was 4.5%, an increase of 160 basis points year-over-year. [(a)]
- Net income was $391 million, or $3.33 per diluted share. This compares to net income of $147 million, or $1.30 per diluted share in the prior year. Adjusted net income was $344 million, or $2.94 per adjusted diluted share. This compares to adjusted net income of $61 million, or $0.54 per adjusted diluted share, in the prior

year. [(a)]

- Long-term debt decreased $196 million compared to the prior year, primarily driven by $113 million of debt repurchased at a discount of $15 million in 2026 and $87 million of debt repurchases in the prior year.
- Tax benefit of $137 million resulting from tax examinations being effectively settled was recorded during the year, which increased diluted EPS by $1.17 for the year.
- Tariff refunds of approximately $190 million were received, of which approximately $145 million flowed through gross margin.
- Gain on sale of real estate of $61 million was recognized related to the sale of two properties.

(a) Non-GAAP financial measures: Please see the "RECONCILIATION OF NON-GAAP FINANCIAL MEASURES" for a reconciliation of adjusted operating income to operating income, adjusted net income to net income, and adjusted diluted earnings per share to diluted earnings per share.

2026 Financial and Capital Allocation Outlook

The Company raises its guidance. For the full year 2026, the Company now expects the following GAAP outlook:

- Net sales and Comparable sales: In the range of flat to 0.5%
- Operating margin: In the range of 4.7% to 4.9% which includes the benefit of:
  - 0.4% from gain on real estate
  - 1.0% from tariff refunds
- Diluted EPS: In the range of $4.30 to $4.50 which includes the benefit of:
  - $0.40 from gain on real estate
  - $1.03 from tariff refunds
  - $1.17 from the tax benefit
- Capital Expenditures: In the range of $365 million to $375 million
- Dividend: On November 18, 2026, Kohl's Board of Directors declared a quarterly cash dividend on the Company's common stock of $0.125 per share. The dividend is payable December 23, 2026 to shareholders of record at the close of business on December 9, 2026.
- Share Repurchase Program: Planning share repurchases of up to $100 million in 2026 under existing $3 billion authorization

Fourth Quarter 2026 Financial Outlook

Based on the updated full year outlook, The Company expects the following GAAP outlook for the fourth quarter:

- Net sales and Comparable sales: In the range of flat to up 2.0%
- Operating margin: In the range of 4.0% to 4.4% which includes the benefit of:
    - approximately 0.25% from tariff refunds
- Diluted EPS: In the range of $0.95 to $1.15 which includes the benefit of:
    - approximately $0.10 from tariff refunds

Third Quarter 2026 Earnings Conference Call

Kohl's will host its quarterly earnings conference call at 9:00 am ET on November 24, 2026. A webcast of the conference call and the related presentation materials will be available via the Company's website at **investors.kohls.com**, both live and after the call.

Cautionary Statement Regarding Forward-Looking Information and Non-GAAP Measures

This press release 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 the information under "2026 Financial and Capital Allocation Outlook." 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 for the fiscal year ended January 31, 2026 and Item 1A of Part II of the Company's Quarterly Reports on Form 10-Q for the first and second quarters of fiscal 2026, 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 the Company undertakes no obligation to update them.

This press release contains certain financial measures that are not prepared in accordance with generally accepted accounting principles (GAAP), including adjusted operating income, adjusted net income, and adjusted diluted earnings per share. 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, or diluted earnings per share 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 this release.

About Kohl's

Kohl's (NYSE: KSS) is a leading omnichannel retailer built on a foundation that combines great brands, incredible value and convenience for our customers. Kohl's is uniquely positioned to deliver against its long-term strategy and its purpose to take care of families' realest moments. Kohl's serves millions of families in its more than 1,100 stores in 49 states, online at Kohls.com, and through the Kohl's App. With a large national footprint, Kohl's is committed to making a positive impact in the communities it serves. For a list of store locations or to shop online, visit **Kohls.com**. For more information about Kohl's impact in the community or how to join our winning team, visit **Corporate.Kohls.com**.

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Dollars in Millions, Except per Share Data)	Three Months Ended		Nine Months Ended	
	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Net sales	$ 3,452	$ 3,407	$ 9,768	$ 9,803
Other revenue	186	168	552	551
Total revenue	3,638	3,575	10,320	10,354
Cost of merchandise sold	2,036	2,059	5,731	5,904
Gross margin rate	41.0%	39.6%	41.3%	39.8%
Operating expenses:				
Selling, general, and administrative	1,278	1,263	3,611	3,626
As a percent of total revenue	35.1%	35.3%	35.0%	35.0%
Depreciation and amortization	168	176	515	526
(Gain) on sale of real estate	(61)	—	(61)	—
(Gain) on legal settlement	—	—	—	(129)
Impairments, store closing, and other costs	—	4	—	15
Operating income	217	73	524	412
Interest expense, net	65	75	191	229
Income (loss) before income taxes	152	(2)	333	183
(Benefit) provision for income taxes	(102)	(10)	(58)	36
Net income	$ 254	$ 8	$ 391	$ 147
Average number of shares:				
Basic	113	112	113	112
Diluted	118	115	117	114
Earnings per share:				
Basic	$ 2.25	$ 0.08	$ 3.46	$ 1.32
Diluted	$ 2.15	$ 0.07	$ 3.33	$ 1.30

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(Unaudited)

	Operating	Diluted Earnings

(Dollars in Millions, Except per Share Data)	Operating Income	Net Income	Diluted Earnings per Share
Three Months Ended October 31, 2026			
GAAP	$ 217	$ 254	$ 2.15
(Gain) on sale of real estate	(61)	(61)	(0.52)
(Gain) on legal settlement	—	—	—
Impairments, store closing, and other costs	—	—	—
Income tax impact of items noted above	—	14	0.13
Adjusted (non-GAAP)	$ 156	$ 207	$ 1.76
Three Months Ended November 1, 2025			
GAAP	$ 73	$ 8	$ 0.07
(Gain) on sale of real estate	—	—	—
(Gain) on legal settlement	—	—	—
Impairments, store closing, and other costs	4	4	0.04
Income tax impact of items noted above	—	(1)	(0.01)
Adjusted (non-GAAP)	$ 77	$ 11	$ 0.10
Nine Months Ended October 31, 2026			
GAAP	$ 524	$ 391	$ 3.33
(Gain) on sale of real estate	(61)	(61)	(0.52)
(Gain) on legal settlement	—	—	—
Impairments, store closing, and other costs	—	—	—
Income tax impact of items noted above	—	14	0.13
Adjusted (non-GAAP)	$ 463	$ 344	$ 2.94
Nine Months Ended November 1, 2025			
GAAP	$ 412	$ 147	$ 1.30
(Gain) on sale of real estate	—	—	—
(Gain) on legal settlement	(129)	(129)	(1.14)
Impairments, store closing, and other costs	15	15	0.14
Income tax impact of items noted above	—	28	0.24
Adjusted (non-GAAP)	$ 298	$ 61	$ 0.54

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in Millions)	October 31, 2026	November 1, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 723	$ 144
Merchandise inventories	3,853	3,895
Other	542	269
Total current assets	5,118	4,308
Property and equipment, net	6,573	7,028
Operating leases	2,280	2,354
Other assets	162	454
Total assets	$ 14,133	$ 14,144
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,081	$ 1,842
Accrued liabilities	1,147	1,240
Borrowings under revolving credit facility	—	45
Current portion of:		
Finance leases and financing obligations	86	85
Operating leases	93	95
Total current liabilities	3,407	3,307
Long-term debt	1,326	1,522
Finance leases and financing obligations	2,253	2,388
Operating leases	2,578	2,667
Deferred income taxes	69	76
Other long-term liabilities	124	254
Shareholders' equity:	4,376	3,930

Total liabilities and shareholders' equity	$ 14,133	$ 14,144

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in Millions)	Nine Months Ended October 31, 2026	Nine Months Ended November 1, 2025
Operating activities		
Net income	$ 391	$ 147
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	515	526
Share-based compensation	29	26
Deferred income taxes	(21)	50
Impairments, store closing, and other costs	—	11
(Gain) on sale of real estate	(61)	—
Non-cash lease expense	66	65
Other non-cash items	(7)	3
Changes in operating assets and liabilities:		
Merchandise inventories	(1,105)	(948)
Other current and long-term assets	(7)	48
Accounts payable	909	800
Accrued and other long-term liabilities	(154)	(26)
Operating lease liabilities	(92)	(72)
Net cash provided by operating activities	463	630
Investing activities		
Acquisition of property and equipment	(253)	(308)
Proceeds from sale of property and equipment	108	37
Other	—	2
Net cash used in investing activities	(145)	(269)
Financing activities		
Proceeds from issuance of debt, net of discount	—	357
Deferred financing costs	(7)	(11)
Net repayments under revolving credit facility	—	(245)
Treasury stock purchases	(39)	—
Shares withheld for taxes on vested restricted shares	(12)	(5)
Dividends paid	(42)	(42)
Repayment of long-term borrowings	(113)	(353)
Discount on redemption of debt	15	—
Finance lease and financing obligation payments	(71)	(62)
Proceeds from financing obligations	—	10
Net cash used in financing activities	(269)	(351)
Net increase in cash and cash equivalents	49	10
Cash and cash equivalents at beginning of period	674	134
Cash and cash equivalents at end of period	$ 723	$ 144

Investor Relations:

Trevor Novotny, (262) 703-1617, **trevor.novotny@kohls.com**

Media:

Jen Johnson, (262) 703-5241, **jen.johnson@kohls.com**

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