

KOHL'S

Q1 Results Presentation

May 29, 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, 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 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.





Table of Contents

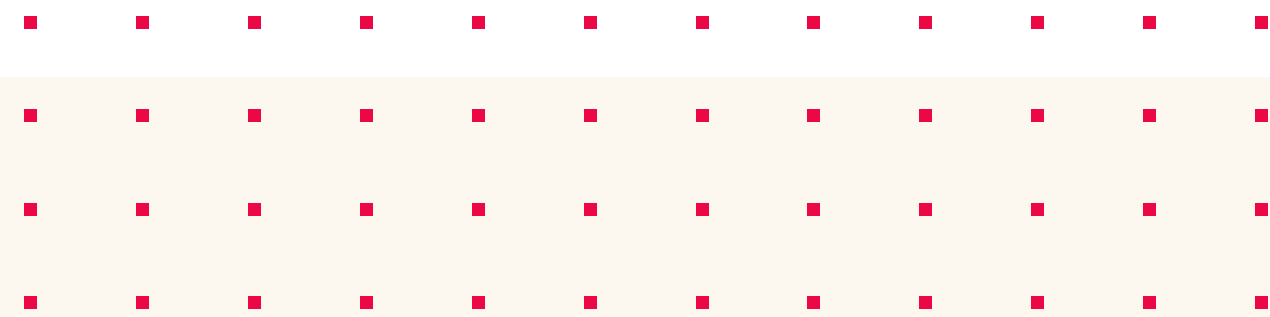
6 | 2025 Areas of Focus

10 | Q1 2025 Results

15 | 2025 Outlook

“I am honored to assume the role of Interim CEO at such an important time for our company. Kohl’s has a tremendous opportunity to build on our strong foundation of over 1,100 conveniently located stores and a large and loyal customer base.

“Our first quarter performance was ahead of our expectations and the actions we are taking are starting to make progress with early signs of a positive impact. Our team is focused and motivated to deliver great products, great value, and a great shopping experience to our customers. I want to thank our amazing team of associates for their hard work and dedication. I am excited to lead this next chapter of Kohl’s and build on the momentum we have begun to generate.”



Michael J. Zende

INTERIM CHIEF EXECUTIVE OFFICER



Kohl's is building on a solid foundation



Convenient Nationwide Omni-Channel Reach

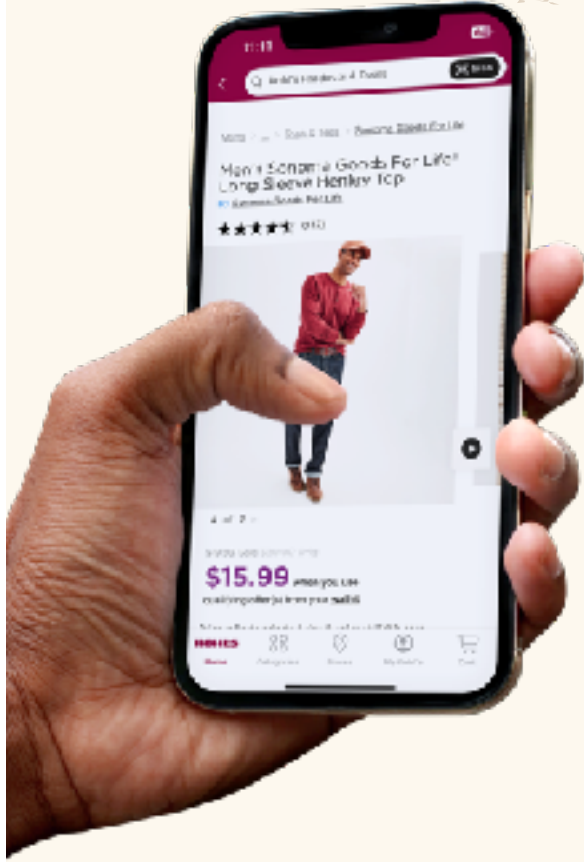
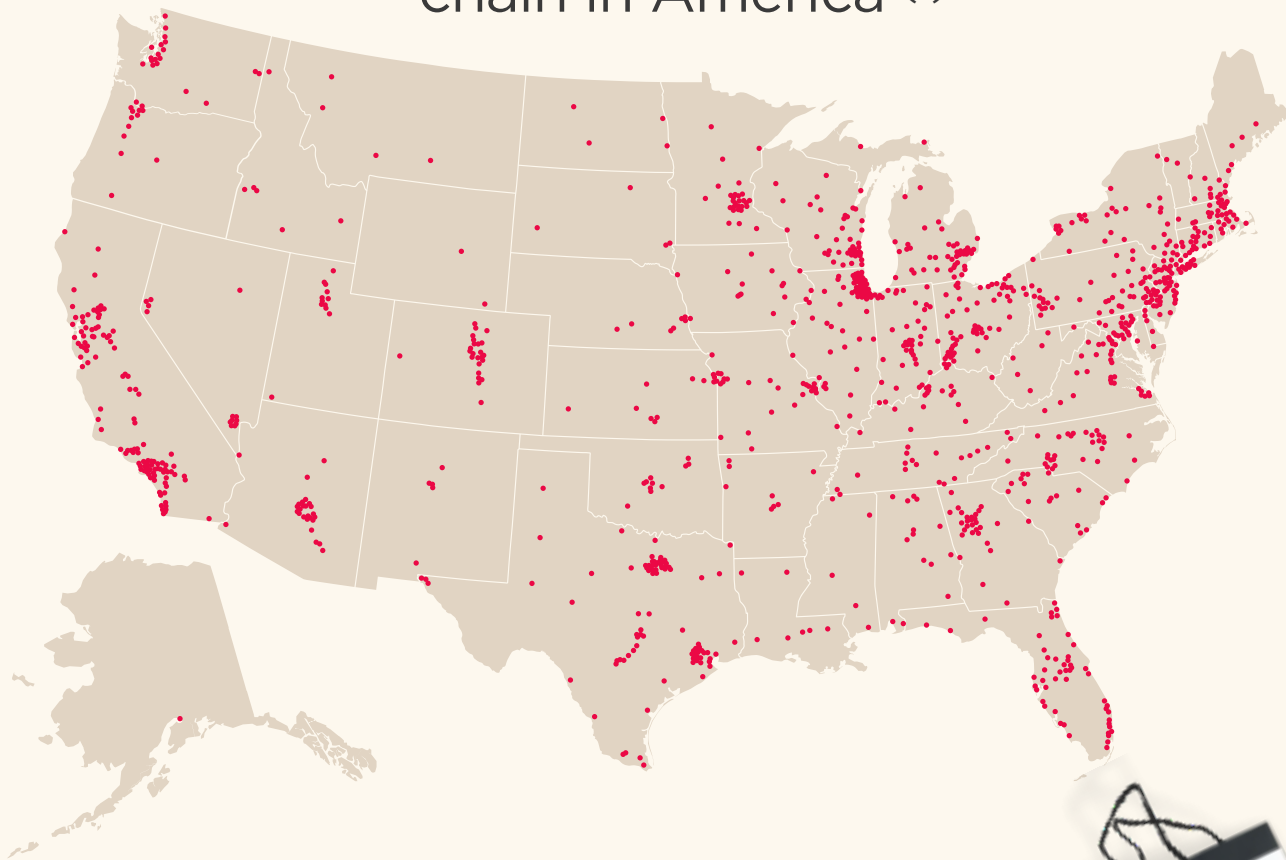
80%

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



1,153 Stores

Largest department store chain in America ⁽¹⁾



20M+
Active App Users

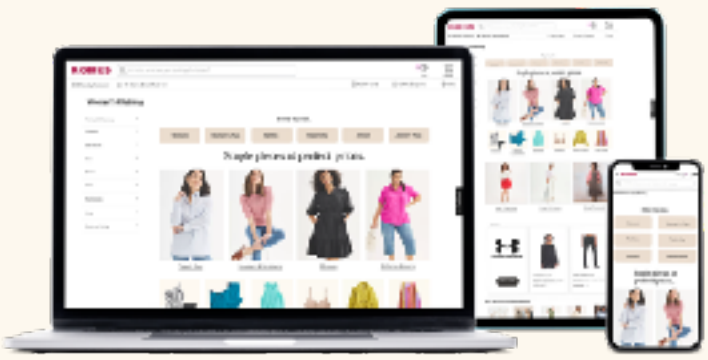
1,100+

Sephora @ Kohl's ⁽¹⁾



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



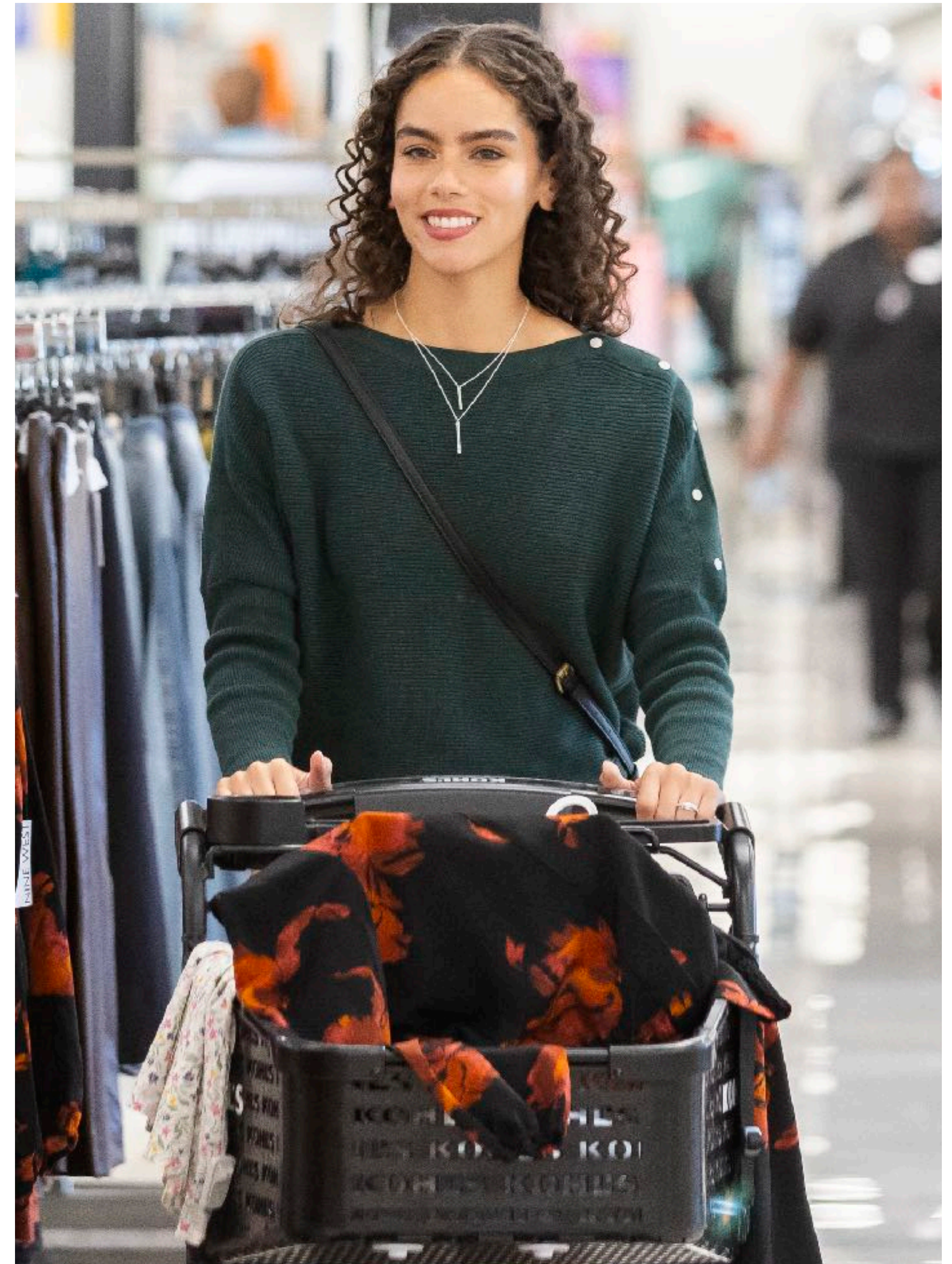
Offer a Curated, More Balanced Assortment That Fulfills Needs Across All Customers

Rebalance our assortment to provide improved brand clarity and purpose

- Build on the momentum in our jewelry business with continued assortment expansion in gifting and fine jewelry
- Established a petites presence in all stores with key proprietary brands like Simply Vera Vera Wang and Lauren Conrad
- Focused on improving Women's assortment to deliver more depth, reduce choice counts, and highlight our proprietary brands

Build on Success of Key Growth Initiatives

- Complete full chain Sephora at Kohl's rollout with 105 new small stores in Spring 2025, building a nearly \$2 billion beauty business
- Accelerating investment in Impulse to an additional 613 stores in 2025, resulting in an impulse presence in nearly all stores by Q3





Reestablish Kohl's as a Leader in Value and Quality

Elevating our Proprietary Brands

- Substantial opportunity to lean into our value oriented proprietary brands to offer more relevance, exceptional value and great quality to our customers
- Sequential improvement quarter over quarter following investment into proprietary brands

Enhancing our Promotional Strategy

- Provide more value to customers by introducing more brand inclusion in promotional coupons
- Simplify value messaging and offering 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

- Optimize store layout through productivity and adjacency analyses
- Improved performance and cross-shopping in Accessories & Juniors following store layout changes

Restoring Trip Assurance

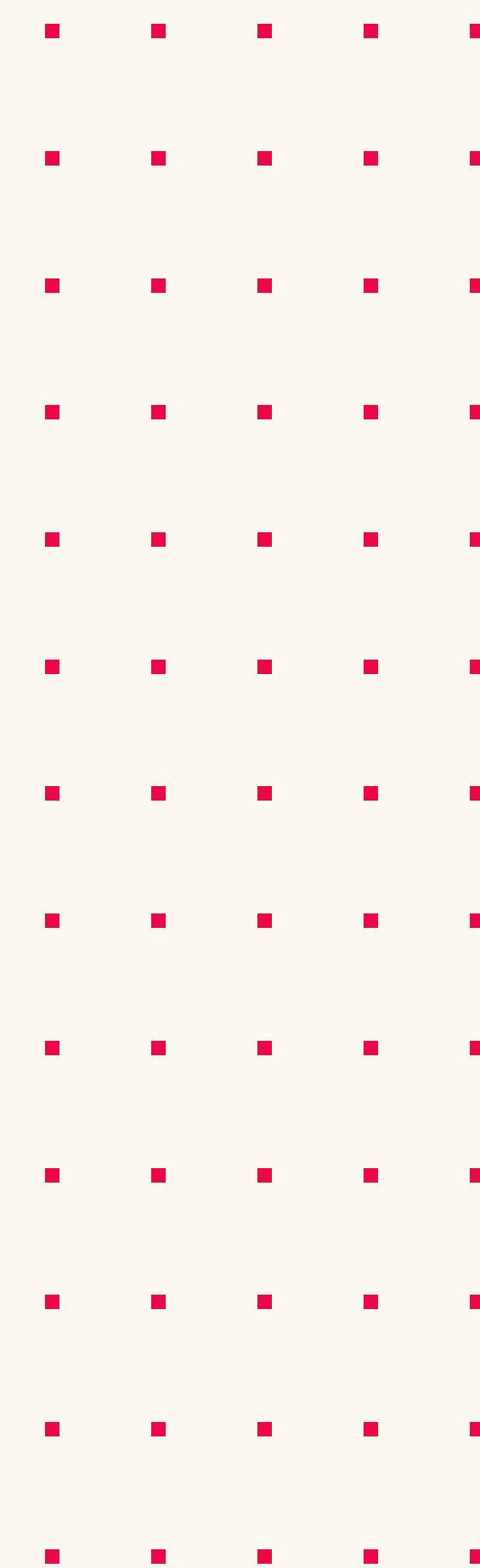
- Provide greater depth in our high-volume items, focusing on basics and essentials businesses
- Expect to make progressive improvement throughout the year as we work to realign our buying disciplines and tightly manage our inventory

Increasing Our Inspiration in Stores and Online

- Provide a more consistent store and digital experience so customers can easily shop Kohl's at any store or on any online platform



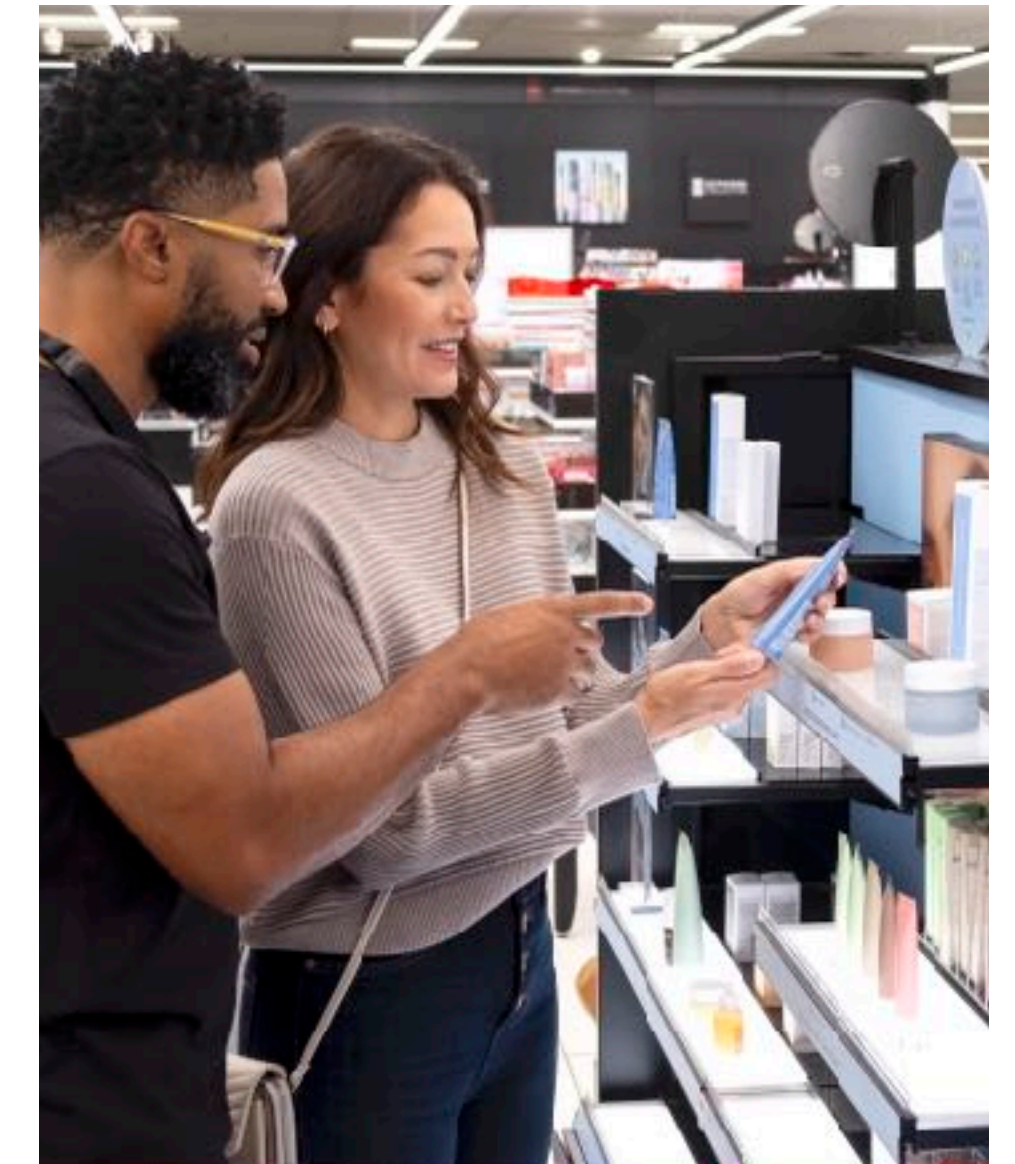
Q1 2025 RESULTS



Q1 2025 Summary

Key Takeaways

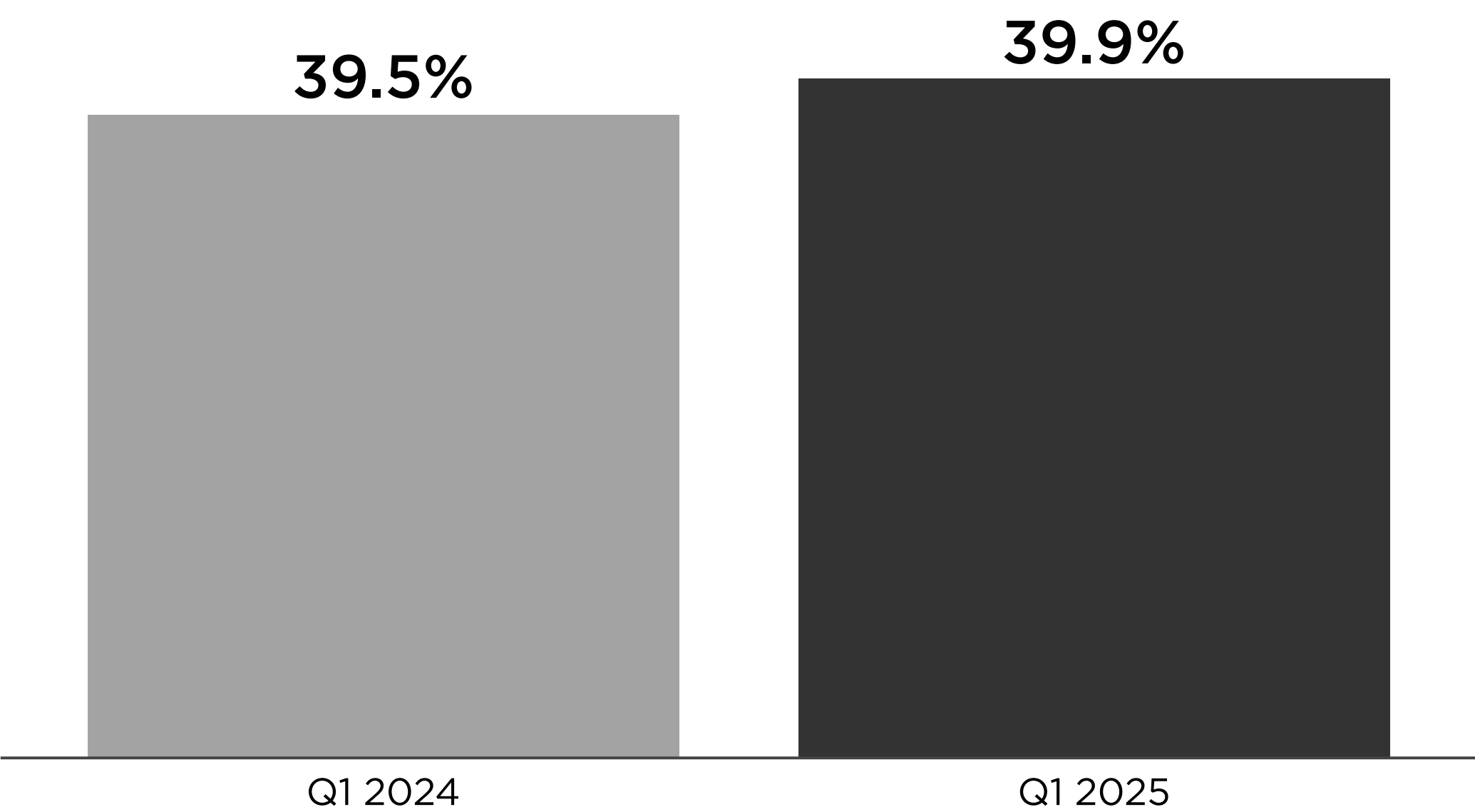
- Q1 net sales declined (4.1%) versus Q1 2024 and comparable sales declined (3.9%)
- Gross Margin increased 37 bps to last year driven by category mix benefits and continued inventory management
- SG&A expense declined (5.2%) benefiting from tightly managed expenses across the organization, primarily in stores, marketing, and supply chain. Additional benefit from credit expense shifting to Other Revenue
- Operating income of \$60 million and Net Loss of (\$15 million) or (\$0.13) per diluted share



Q1 2025 Gross Margin & SG&A Expense Performance

Gross Margin

Increased 37 bps vs Q1 2024

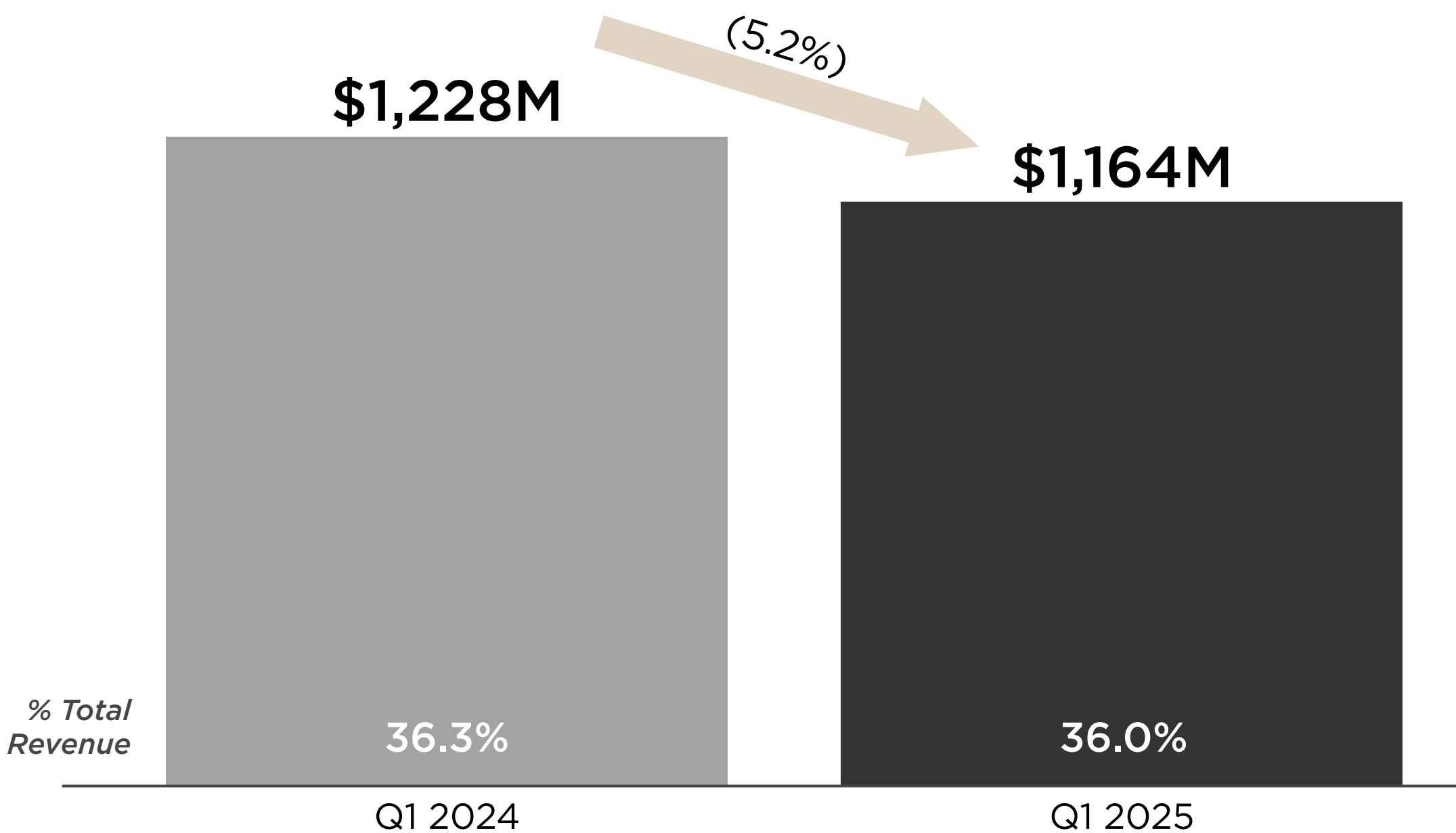


Q1 2025 Gross Margin Takeaways

- Category mix benefit
- Inventory management

SG&A Expense

Leveraged 32 basis points vs Q1 2024



Q1 2025 SG&A Takeaways

- Lower spending in stores, marketing, and supply chain
- 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 2.9x down from the unadjusted ratio of 4.7x

Net Debt + Leases to EBITDAR Leverage ⁽¹⁾

Rolling 12 months as of Q1 2025

(Dollars in Millions)	Unadjusted	Adjusted	
Adjusted EBITDA ⁽¹⁾	\$ 1,256	\$ 1,256	
Rent Exp.	274	274	
Adjusted EBITDAR	1,530	1,530	
Current portion of LT Debt	353	353	
Borrowings under revolving credit facility	545	545	
LT Debt	1,174	1,174	
Debt	2,072	2,072	
Less: Cash & Cash Equivalents	(153)	(153)	
Net Debt	1,919	1,919	
Net Debt / EBITDA Leverage	1.5x	1.5x	
Current and long-term Fin Leases & Fin Obs	2,513	1,287	Contractually obligated payments for Finance & Financing Obligation Leases
Current and long-term Operating Leases	2,786	1,190	Contractually obligated payments for Operating Leases
Net Debt + Leases	\$ 7,218	\$ 4,396	
Net Debt + Leases / EBITDAR Leverage	4.7x	2.9x	

Q1 2025

Key Metrics

Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	May 3, 2025	May 4, 2024
Net Sales	\$ 3,049	\$ 3,178
Total Revenue	3,233	3,382
Gross Margin Rate	39.9%	39.5%
SG&A	1,164	1,228
Depreciation	175	188
Operating Income	60	43
Interest Expense	76	83
Benefit for Income Taxes	(1)	(13)
Net Loss	(15)	(27)
Diluted Loss per Share	(\$0.13)	(\$0.24)

Key Balance Sheet Items

(Dollars in Millions)

	May 3, 2025	May 4, 2024
Cash and Cash Equivalents	\$ 153	\$ 228
Merchandise Inventories	3,137	3,083
Accounts Payable	1,026	1,220
Borrowings under revolving credit facility	545	355
Current portion of Long-term debt	353	—
Long-term Debt	1,174	1,638

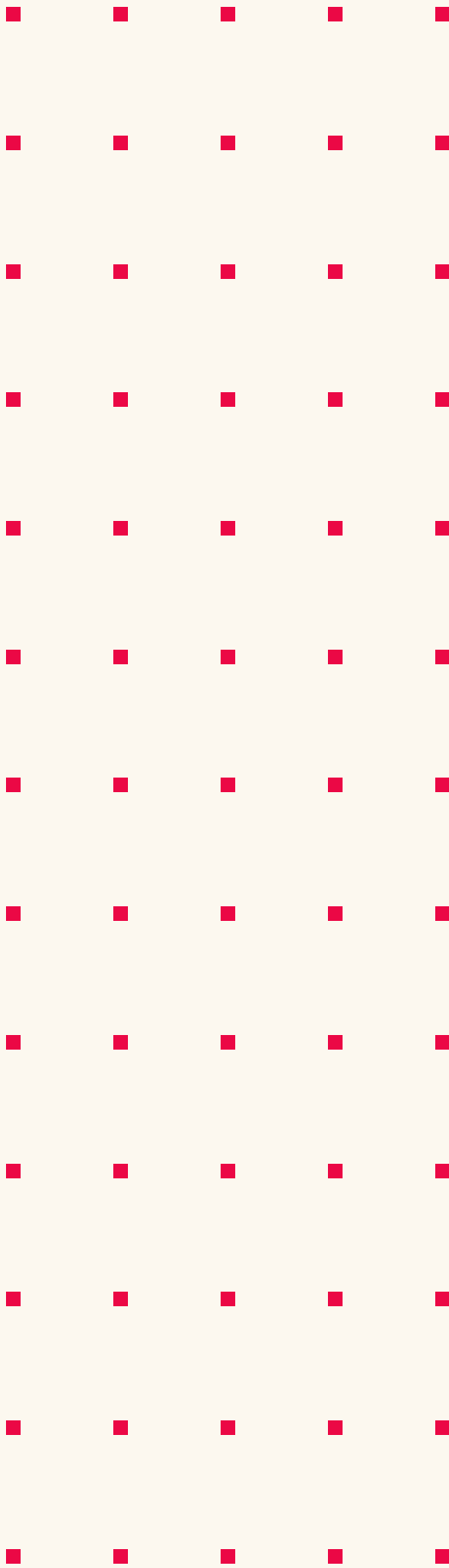
Key Cash Flow items

(Dollars in Millions)

	May 3, 2025	May 4, 2024
	Three Months Ended	Three Months Ended
Operating Cash Flow	\$ (92)	\$ (7)
Capital Expenditures	(110)	(126)
Free Cash Flow	(202)	(133)
Finance lease and financing obligations	(21)	(21)
Proceeds from obligations	3	0
Adjusted Free Cash Flow ⁽¹⁾	\$ (220)	\$ (154)



2025 OUTLOOK



2025 Outlook Maintained

METRIC	FULL YEAR GUIDANCE
Net Sales	(5%) to (7%) vs. 2024
Comp Sales	(4%) to (6%)
Operating Margin	2.2% to 2.6%
Diluted EPS	\$0.10 to \$0.60

Capital Allocation Outlook

- Capex: \$400 million to \$425 million
- Dividend: \$0.125 dividend payable on June 25, 2025
- Debt: Refinanced July 2025 maturities



Capital allocation priorities support our goals of optimizing balance sheet flexibility



➔ Invest in the Business

Capex of \$400MM to \$425MM 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

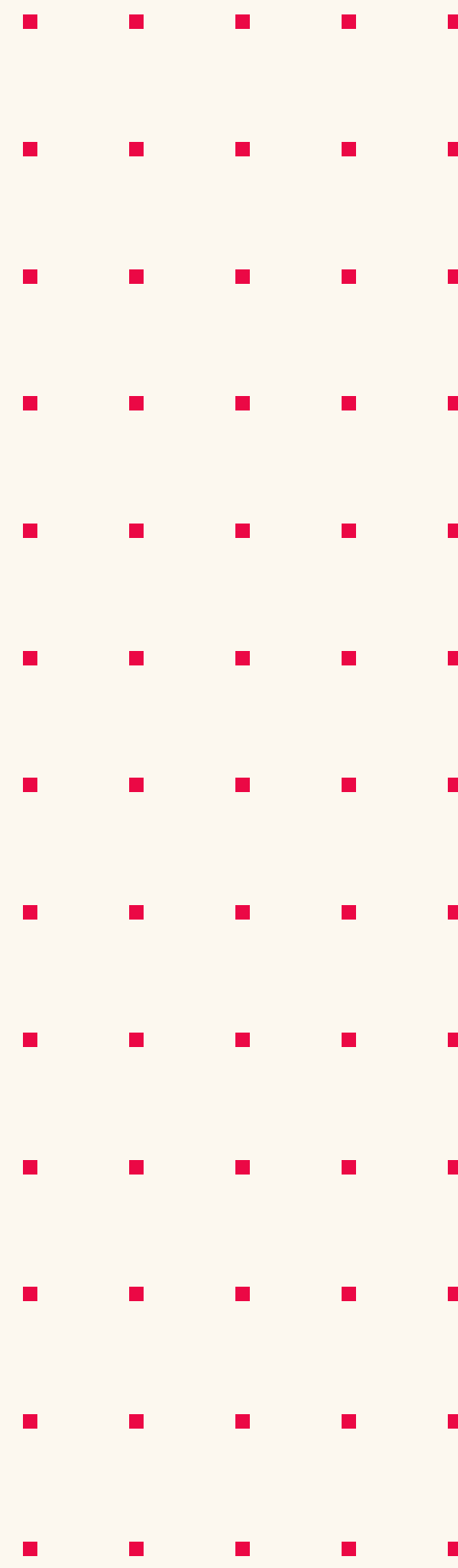
➔ Reduce Debt

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

<i>(Dollars in Millions)</i>	52 Weeks Ended	
	May 3, 2025	
Net Income	\$	121
Provision for Income Taxes		17
Interest expense, net		312
Depreciation and amortization		730
Impairments, store closing and other costs		76
Adjusted EBITDA	\$	1,256

KOHL'S®