
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 19, 2022

KOHL'S CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction
of incorporation)

001-11084
(Commission
File Number)

39-1630919
(IRS Employer
Identification No.)

N56 W17000 Ridgewood Drive
Menomonee Falls, Wisconsin
(Address of principal executive offices)

53051
(Zip Code)

Registrant's telephone number, including area code: (262) 703-7000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	KSS	New York Stock Exchange
Preferred Stock Purchase Rights	—	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 19, 2022, Kohl's Corporation issued a press release reporting its earnings for the quarter ended April 30, 2022 and updated its earnings guidance for fiscal 2022. A copy of the press release is attached as Exhibit 99.1 and incorporated by reference herein. A copy of the presentation materials for the May 19, 2022 quarterly earnings conference call is attached as Exhibit 99.2 and incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

The information in Items 2.02 and 7.01, including the exhibits attached hereto, is furnished solely pursuant to Items 2.02 and 7.01 of Form 8-K. Consequently, such information is not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. Further, the information in Items 2.02 and 7.01, including the exhibits, shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933.

Item 8.01. Other Events.

As previously announced, on May 10, 2022, the Board of Directors of Kohl's Corporation declared a quarterly cash dividend of \$0.50 per share. The dividend will be paid on June 22, 2022 to all shareholders of record at the close of business on June 8, 2022.

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

This current report on Form 8-K 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. Such statements, including statements regarding the outcome and timing of the strategic review process, 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, and there can be no guarantee that the process will result in an agreement to sell the Company or that any such agreement will ultimately be consummated. 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. Forward-looking statements relate to the date initially made, and Kohl's undertakes no obligation to update them.

In the attached press release and presentation materials, the Company provides information regarding adjusted net income, adjusted diluted earnings per share, and free cash flow, which are not recognized terms under U.S. generally accepted accounting principles ("GAAP") and do not purport to be alternatives to net income as a measure of operating performance. Reconciliations of adjusted net income, adjusted diluted earnings per share, and free cash flow are provided in this press release and presentation materials. The Company believes that the use of these non-GAAP financial measures provides investors with enhanced visibility into its results with respect to the impact of certain costs. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated May 19, 2022
99.2	Presentation Materials for May 19, 2022 Quarterly Earnings Conference Call
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 19, 2022

KOHL'S CORPORATION

By: /s/ Jason J. Kelroy

Jason J. Kelroy

Senior Executive Vice President,

General Counsel and Corporate Secretary

Kohl's Reports First Quarter Fiscal 2022 Financial Results

- First quarter net sales and comparable sales decrease 5.2%
- First quarter diluted earnings per share of \$0.11
- Updates full year 2022 financial outlook
- Board continues to run a robust process to explore all strategic initiatives to maximize value

MENOMONEE FALLS, Wis.—(BUSINESS WIRE)—May 19, 2022— Kohl's Corporation (NYSE:KSS) today reported results for the quarter ended April 30, 2022.

(\$ in millions, except per share data)	Three Months		
	2022	2021	Change
Total revenue	\$3,715	\$3,887	(4.4%)
Net sales(1)	(5.2%)	69.5%	
Gross margin	38.3%	39.0%	(69) bps
Selling, general, and administrative expenses	\$1,293	\$1,170	10.5%
Reported			
Net income	\$ 14	\$ 14	0%
Diluted earnings per share	\$ 0.11	\$ 0.09	22%
Non-GAAP(2)			
Adjusted net income	\$ 14	\$ 165	(92%)
Adjusted diluted earnings per share	\$ 0.11	\$ 1.05	(90%)

- (1) Represents change in Net sales vs. prior year period.
- (2) Amounts shown for the three months ended April 30, 2022 are GAAP as there are no adjustments to Non-GAAP. These amounts are shown for comparability purposes.

“The year has started out below our expectations. Following a strong start to the quarter with positive low-single digits comps through late March, sales considerably weakened in April as we encountered macro headwinds related to lapping last year’s stimulus and an inflationary consumer environment. We remain committed to our long-term strategy and are encouraged that our updated store experience, with Sephora at Kohl’s shops, delivered positive comparable store sales across these 200 locations for the quarter. We continue to expect our business to improve as the year progresses, with growth in the second half as we benefit from the roll out of 400 additional Sephora stores, enhanced loyalty rewards and further investment in our stores,” said Michelle Gass, Kohl’s chief executive officer.

“Regarding our review of strategic alternatives, we continue to engage with multiple interested parties. We have formally communicated the specific procedures for the submission of actionable bids due in the coming weeks. We continue with our detailed diligence phase and are pleased with the number of parties who recognize the value of our business and plan,” said Gass.

Updated 2022 Financial Outlook

The Company is updating its full year 2022 financial outlook to include the following:

- **Net sales** is now expected to be in the range of 0% to 1% as compared to the prior year
- **Operating margin** is now expected to be in the range of 7.0% to 7.2%
- **Earnings per share** is now expected to be in the range of \$6.45 to \$6.85, excluding any non-recurring charges

Process Update

The Kohl’s Board is thoroughly testing the Company’s standalone strategic plan against potential alternatives and has designated its Finance Committee to lead the ongoing review of expressions of interest. The Board engaged Goldman Sachs to conduct a broad process to explore strategic alternatives, which to date has included engagement with over 25 parties. Multiple bidders have been invited to a data room containing over 550,000 pages across over 55,000 documents, as well as meetings with management. While preliminary, non-binding proposals have been received, further diligence is ongoing and the Board has requested fully-financed final bids to be submitted in the coming weeks.

Dividend

As previously announced, on May 10, 2022, Kohl’s Board of Directors declared a quarterly cash dividend on the Company’s common stock of \$0.50 per share. The dividend is payable June 22, 2022 to shareholders of record at the close of business on June 8, 2022.

First Quarter 2022 Earnings Conference Call

Kohl's will host its quarterly earnings conference call at 9:00 am ET on May 19, 2022. A webcast of the conference call and the related presentation materials will be available via the Company's web site 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. Such statements, including statements regarding the outcome and timing of the strategic review process, 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, and there can be no guarantee that the process will result in an agreement to sell the Company or that any such agreement will ultimately be consummated. 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. Forward-looking statements relate to the date initially made, and Kohl's undertakes no obligation to update them.

In this press release, the Company provides information regarding adjusted net income and adjusted diluted earnings per share, which are not recognized terms under U.S. generally accepted accounting principles ("GAAP") and do not purport to be alternatives to net income as a measure of operating performance. A reconciliation of adjusted net income and adjusted diluted earnings per share is provided in this release. The Company believes that the use of these non-GAAP financial measures provides investors with enhanced visibility into its results with respect to the impact of certain costs. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

About Kohl's

Kohl's (NYSE: KSS) is a leading omnichannel retailer. With more than 1,100 stores in 49 states and the online convenience of [Kohls.com](https://kohls.com) and the Kohl's App, Kohl's offers amazing national and exclusive brands at incredible savings for families nationwide. Kohl's is uniquely positioned to deliver against its strategy and its vision to be the most trusted retailer of choice for the active and casual lifestyle. Kohl's is committed to progress in its diversity and inclusion pledges, and the company's environmental, social and corporate governance (ESG) stewardship. For a list of store locations or to shop online, visit [Kohls.com](https://kohls.com). For more information about Kohl's impact in the community or how to join our winning team, visit [Corporate.Kohls.com](https://corporate.kohls.com) or follow @KohlsNews on Twitter.

Contacts

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Media:

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KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	April 30, 2022	May 1, 2021
(Dollars in Millions, Except per Share Data)		
Net sales	\$ 3,471	\$3,662
Other revenue	244	225
Total revenue	3,715	3,887
Cost of merchandise sold	2,140	2,233
Gross margin rate	38.3%	39.0%
Operating expenses:		
Selling, general, and administrative	1,293	1,170
As a percent of total revenue	34.8%	30.1%
Depreciation and amortization	200	211
Operating income	82	273
Interest expense, net	68	67
Loss on extinguishment of debt	—	201
Income before income taxes	14	5
(Benefit) for income taxes	—	(9)
Net income	\$ 14	\$ 14
Average number of shares:		
Basic	127	154
Diluted	129	156
Earnings per share:		
Basic	\$ 0.11	\$ 0.09
Diluted	\$ 0.11	\$ 0.09

ADJUSTED NET INCOME AND DILUTED EARNINGS PER SHARE, NON-GAAP FINANCIAL MEASURES
(Unaudited)

	Three Months Ended	
	April 30, 2022	May 1, 2021
(Dollars in Millions, Except per Share Data)		
Net income		
GAAP	\$ 14	\$ 14
Loss on extinguishment of debt	—	201
Income tax impact of items noted above	—	(50)
Adjusted (non-GAAP)(1)	\$ 14	\$ 165
Diluted earnings per share		
GAAP	\$ 0.11	\$ 0.09
Loss on extinguishment of debt	—	1.29
Income tax impact of items noted above	—	(0.33)
Adjusted (non-GAAP)(1)	\$ 0.11	\$ 1.05

- (1) Amounts shown for the three months ended April 30, 2022 are GAAP as there are no adjustments to Non-GAAP. These amounts are shown for comparability purposes.

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in Millions)	April 30, 2022	May 1, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 646	\$ 1,609
Merchandise inventories	3,736	2,667
Other	381	919
Total current assets	4,763	5,195
Property and equipment, net	7,790	6,653
Operating leases	2,224	2,392
Other assets	476	449
Total assets	\$15,253	\$14,689
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,679	\$ 1,378
Accrued liabilities	1,316	1,289
Current portion of:		
Long-term debt	164	—
Finance leases and financing obligations	108	112
Operating leases	127	159
Total current liabilities	3,394	2,938
Long-term debt	1,746	1,909
Finance leases and financing obligations	2,584	1,473
Operating leases	2,474	2,620
Deferred income taxes	209	242
Other long-term liabilities	390	390
Shareholders' equity	4,456	5,117
Total liabilities and shareholders' equity	\$15,253	\$14,689

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

	Three Months Ended	
	April 30, 2022	May 1, 2021
(Dollars in Millions)		
Operating activities		
Net income	\$ 14	\$ 14
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	200	211
Share-based compensation	18	12
Deferred income tax expense	2	(65)
Loss on extinguishment of debt	—	201
Non-cash lease expense	31	38
Other non-cash expense	3	7
Changes in operating assets and liabilities:		
Merchandise inventories	(668)	(75)
Other current and long-term assets	(42)	31
Accounts payable	(4)	(99)
Accrued and other long-term liabilities	17	42
Operating lease liabilities	(31)	(39)
Net cash (used in) provided by operating activities	(460)	278
Investing activities		
Acquisition of property and equipment	(221)	(59)
Proceeds from sale of real estate	4	2
Net cash used in investing activities	(217)	(57)
Financing activities		
Proceeds from issuance of debt	—	500
Deferred financing costs	—	(5)
Treasury stock purchases	(158)	(46)
Shares withheld for taxes on vested stock-based awards	(18)	(22)
Dividends paid	(63)	(39)
Reduction of long-term borrowings	—	(1,044)
Premium paid on redemption of debt	—	(192)
Finance lease and financing obligation payments	(29)	(33)
Proceeds from financing obligations	4	—
Proceeds from stock option exercises	—	1
Other	—	(3)
Net cash used in financing activities	(264)	(883)
Net decrease in cash and cash equivalents	(941)	(662)
Cash and cash equivalents at beginning of period	1,587	2,271
Cash and cash equivalents at end of period	\$ 646	\$ 1,609



KOHL'S

Q1 2022 Results Presentation

May 19, 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. The Company intends forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” “plans,” or similar expressions to identify forward-looking statements. Such statements, including statements regarding the outcome and timing of the strategic review process, 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, and there can be no guarantee that the process will result in an agreement to sell the Company or that any such agreement will ultimately be consummated. 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. Forward-looking statements relate to the date initially 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, Adjusted Net Income, and Free Cash Flow. Reconciliations of all non-GAAP measures to the most directly comparable GAAP measures are included in the Appendix of this presentation.





Q1 2022 Results Presentation

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Q1 2022 Results

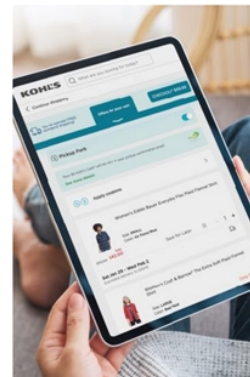
Q1 2022 Summary

Key Takeaways

- Q1 results were below our expectations. The quarter started off strong with positive low-single digits comp growth through late March, however in April demand considerably weakened as we lapped last year's stimulus and as consumers started to experience inflationary pressures
- Recent trends in May have notably improved as we moved past key stimulus weeks from last year and as the weather turned favorable, which has accelerated demand for our spring seasonal classifications
- The 200 stores with Sephora at Koh's shops delivered positive low-single digits comp store sales growth for the quarter
- The sale process is ongoing with due diligence entering the final phase. The Board has requested that the multiple parties submit fully-financed bids in the coming weeks

Q1 2022

- Net sales decreased by (5%) versus Q1 2021
- Gross margin decreased (69 bps) compared to last year due to increased freight costs
- SG&A expense increased 10.5% in Q1, driven largely by investments in key strategic initiatives, including Sephora store openings and store refreshes, as well as expenses related to the proxy contest and ongoing sale process, and higher wages and transportation costs
- Operating margin of 2.2% in Q1 2022 with diluted earnings per share of \$0.11
- Inventory increased 40% to last year due primarily to the investment in beauty inventory to support the 200 Sephora shops opened last Fall as well as the Sephora openings this year, higher in-transit and pack and hold inventory



Q1 Key Metrics

Consolidated Statement of Operations

(Dollars in Millions)

	Three Months Ended	
	April 30, 2022	May 1, 2021
Net Sales	\$ 3,471	\$ 3,662
Total Revenue	3,715	3,887
Gross Margin Rate	38.3%	39.0%
SG&A	1,293	1,170
Depreciation	200	211
Operating Income	82	273
Interest Expense	68	67
Loss on extinguishment of debt	—	201
Benefit for Income Taxes	—	(9)
Net Income	14	14
Diluted EPS	\$0.11	\$0.09
Adjusted Net Income (Non-GAAP) ⁽¹⁾	14	165
Adjusted Diluted EPS (Non-GAAP) ⁽¹⁾	\$0.11	\$1.05

Key Balance Sheet Items

(Dollars in Millions)

	April 30, 2022	May 1, 2021
Cash and Cash Equivalents	\$ 646	\$ 1,609
Merchandise Inventories	3,736	2,667
Accounts Payable	1,679	1,378
Current portion of Long-term debt	164	0
Long-term Debt	1,746	1,909

Key Cash Flow items

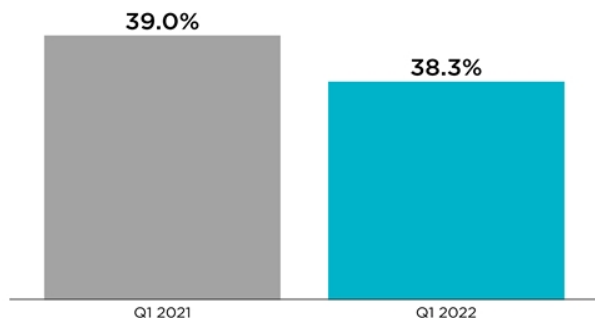
(Dollars in Millions)

	Three Months Ended	
	April 30, 2022	
Operating Cash Flow	\$	(460)
Capital Expenditures		(221)
Net, Finance lease and Financing obligations		(25)
Free Cash Flow ⁽¹⁾	\$	(706)

Q1 2022 Gross Margin & SG&A Expense Performance

Gross Margin

Decreased (69 bps) versus Q1 2021

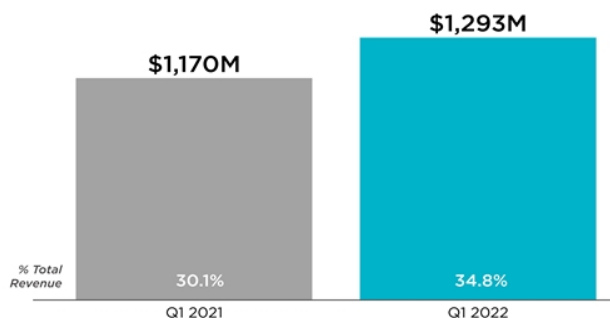


Q1 2022 Gross Margin Takeaways

- Higher freight costs due to global supply chain challenges
- + Continue to benefit from ongoing pricing and promotional optimization strategies

SG&A Expense

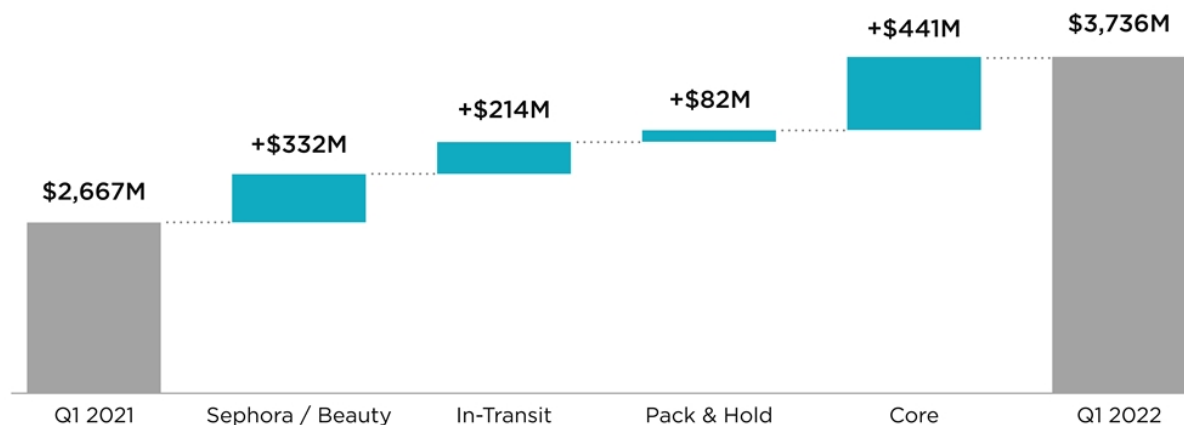
Deleveraged (468 bps) vs Q1 2021



Q1 2022 SG&A Takeaways

- Growth investments in our stores, including Sephora and store refreshes totaling nearly \$50 million
- Higher wages and transportation costs
- Expenses related to proxy contest and ongoing sale process

Q1 Inventory driven largely by unique factors



Q1 2022 Inventory Increased 40% Y/Y Driven By:

- The investment in beauty inventory to support the 200 Sephora shops opened last Fall as well as the Sephora openings this year
- In-transit inventory increased as we incorporated additional transportation time to ensure we meet consumer demand
- Pack & hold strategies were leveraged for late holiday receipts including sleepwear and fleece
- **Excluding these three unique factors, inventory would be up 16.5% to last year, but down (15%) to Q1 2019**

Sephora at Kohl's continues to drive impressive results in Q1



- Positive low-single digits comp growth in the 200 stores with Sephora
- Sales strength across all categories, including Skincare, Makeup, and Fragrance
- 400 Sephora stores to open in 2022 (48 stores opened during the last week of April, nearly 300 planned in Q2 and remainder in early August)
- Continue to target \$2 billion in sales by 2025



Updated 2022 Outlook

2022 Updated Outlook

Metric	Full Year Guidance
Net Sales	Flat to +1% increase versus 2021
Operating Margin	7.0% to 7.2%
EPS	\$6.45 to \$6.85

Capital Allocation Strategy

- **Capex:** -\$850 million
- **Dividend:** \$0.50 quarterly dividend payable on June 22, 2022
- **Share Repurchase Program:** As part of its \$3.0 billion share repurchase authorization, the Company plans to repurchase at least \$1.0 billion in shares in 2022, of which \$500 million is expected to be repurchased through an ASR program executed in Q2 2022



Our Strategy

Our Strategy

Introduced Oct. 2020

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

 Solid cash flow generation

 Return to growth

 Maintain strong balance sheet

 Expand operating margin

 Return capital to shareholders

Committed to Creating Value

Kohl's Financial Framework		
SALES GROWTH	OPERATING MARGIN	EPS GROWTH ¹
Low-Single Digits %	7% to 8%	Mid-to-High Single Digits %



Capital Allocation Principles

- Strong Balance Sheet
- Invest in Growth
- Significant Capital Returns

KOHL'S (1) Mid-to-High single digits EPS growth off of FY22 base

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Multiple initiatives to support sales growth



Destination for the Active & Casual Lifestyle

- Fuel growth in Active to at least 30% of sales, driven by key national brands (Nike, Under Armour, and Adidas)
- Reignite growth in Women's
 - Lead in Women's casual apparel
 - Lean into adjacent categories (dresses, swim)
 - Amplify inclusivity
- Strong, differentiated brand and category portfolio
 - Scale new, traffic driving brands
 - Deliver through quality private brands
 - Pipeline of newness and discovery



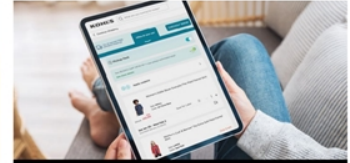
Grow Sephora to a \$2 Billion Business

- Sephora at Kohl's will become a leading beauty destination as we expand to 850 stores by 2023 (600 open by Fall 2022)
- Positive low-single digits % comps in 200 Sephora at Kohl's locations in Q1
- Sephora is driving new, younger and more diverse customers to Kohl's (25% of Sephora customers are new to Kohl's)
- Drive innovation across partnership (cross company BOPUS, impulse merchandising)



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

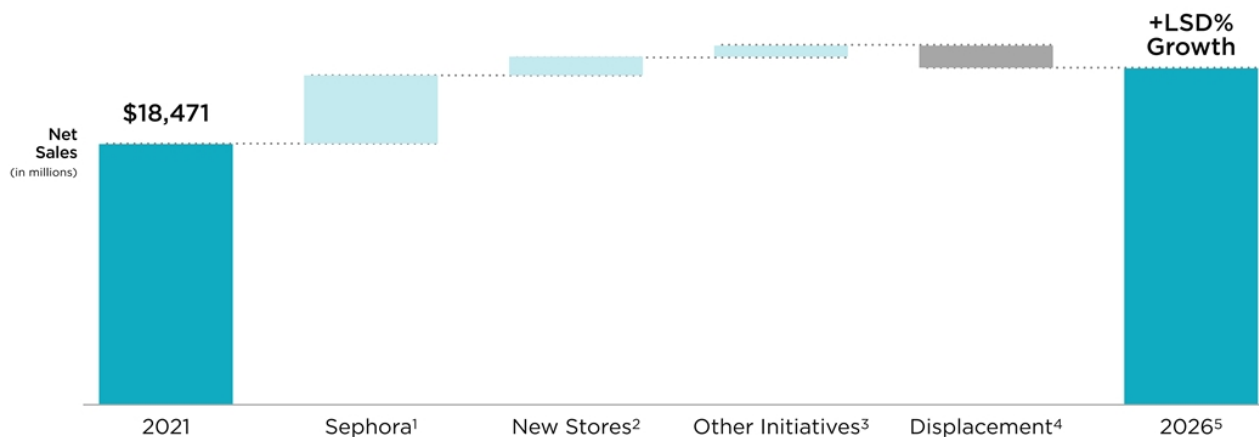


Differentiated Omnichannel Experience

- Planning to open 100+ new smaller format stores in next four years, expanding reach with \$500M+ sales opportunity
- Expanding omni capabilities in stores (e.g. self-service BOPUS in all stores in 2022, piloting self-service returns in 100 stores, and testing self-service checkout)
- Enhancing digital experience to drive growth
 - Expanded online assortment
 - Kohl's Media Network

Driving Sustainable Low-Single-Digits % Sales Growth

Multiple initiatives to support sales growth in 2022 and beyond...



1. Sephora sales goal of \$2 billion by 2025 from a base of less than \$200 million in 2021.
2. New store sales opportunity of \$500 million plus as company opens 100 or more new smaller format stores during 2022-2025.
3. Other initiatives include Women's growth as well as digital and loyalty, distinct from sales generated in new stores.
4. Displacement includes pre-Sephora beauty business at Koh's (800 sq. ft. in-store and online), as well as additional square footage in stores impacted by launch of 2,500 sq. ft. Sephora shops (e.g. fine jewelry, men's dress, and accessories).
5. 2026 referenced to capture the majority of the key sales initiatives as outlined in the company's recent investor day presentation. Chart assumes mid-point of 2022 sales guidance of 2-3%, as well as mid-point of long-term sales guidance of low-single digits % for 2023-2026.

Sephora at Kohl's is driving impressive results



- Sephora becomes Kohl's exclusive beauty partner online and in at least 850 stores
- 200 Sephora shops opened in 2021 and opening an additional 400 in 2022 and 250 in 2023
- Innovating and testing to drive engagement including cross-company BOPUS, impulse merchandising, and Men's offering
- Partnership structured to drive joint success with equal share in the operating profit
- Large cross-selling opportunity with 50% of Sephora baskets having an additional category purchased
- Significant return on investment (capex per store of ~\$850k) with expected payback period of less than 3.5 years

\$2 billion

sales goal by 2025

Positive low-single digits comps

in the 200 stores with Sephora in Q1

50% of Sephora baskets

have an additional category purchased

Highly accretive to operating margin

New store expansion opportunity allows Kohl's to expand reach

\$500M+
sales opportunity

Smaller Format
primarily 35k sq ft

5 stores
opening in 2022

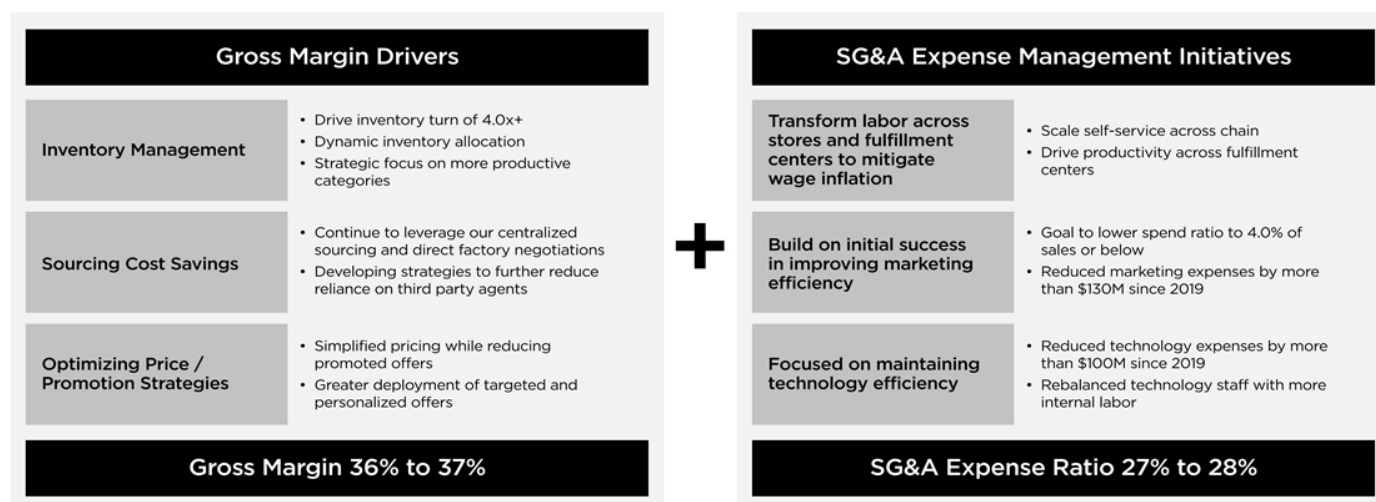
Tacoma, WA
Morgantown, WV
Lenox, MA
San Angelo, TX
Bonney Lake, WA

15%+
targeted return



- 100+ new small store openings planned in the next four years allowing Kohl's to reach smaller markets
- Testing new experiences, including more localized assortments and Sephora at Kohl's in smaller stores
- Expansion follows successful pilot of 20+ smaller stores
- Avg. fulfilled sales per store of \$5M
- Avg. 4-wall cash flow of ~\$1.0M per store
- Solid targeted return on investment (capex per store of ~\$5M) with expected payback period of 5 years

Fundamental business model improvements in place, driving a consistent 7% to 8% operating margin



We are confident in our ability to navigate ongoing margin pressure from cost inflation, higher freight expense, wage investments, and increasing digital penetration

Significant cash flow generation allows investment in high ROI growth initiatives...

Strong Expected Cash Flow ...

Operating Cash Flow
~\$5.5B+
2022-2024E

Free Cash Flow
~\$2.5B
2022-2024E

... Which Goes Towards Impactful Organic Investments

1

Sephora Opportunity

- \$2B sales opportunity
- Will be in 850+ locations by 2023
- Drives overall traffic and new customer acquisition

2

New Store Expansion

- \$500M+ sales opportunity
- 100+ smaller format stores in next four years
- Injecting localization and new initiatives to broaden reach

3

Technology

- Kohl's Media Network
- Store automation
- Localization
- Personalization

4

Enhancing Supply Chain

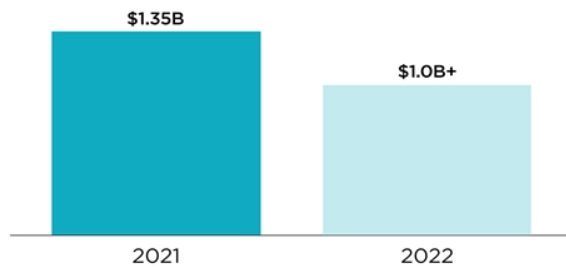
- Distribution network optimization
- Strategic sourcing opportunities
- Improved inventory management

We have developed a powerful data analytics engine which will enable us to invest our substantial cash flow in the highest-growth opportunities

...And commitment to returning capital to shareholders

\$2.3B+ of Expected Share Repurchases in 2021 and 2022

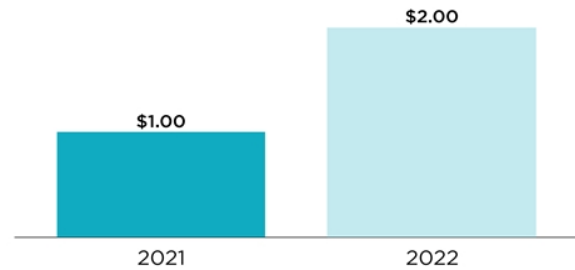
(\$ in mm)



- Repurchased ~\$13B in shares since 2006, reducing share count by ~60%
- Announced \$3B share repurchase authorization in 2022
- Plan to repurchase at least \$1B shares in fiscal 2022, with \$500M expected to be repurchased in Q2 2022

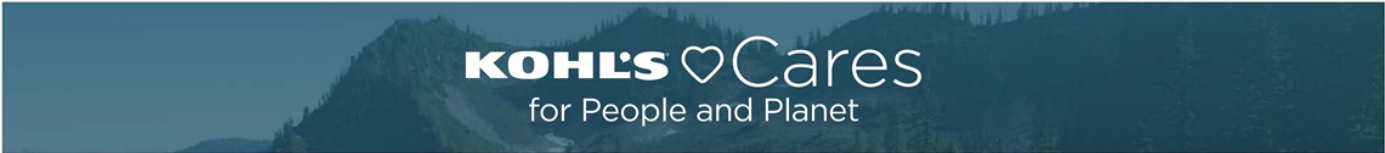
Doubled the Annual Dividend in 2022

(\$ per share)



- Distributed \$3.4B in dividends since 2011
- Announced 100% increase in dividend per share in 2022
- Remain committed to growing our dividend over time

Long-standing focus on ESG Stewardship



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

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

Three Months Ended		
(Dollars in Millions, Except per Share Data)	April 30, 2022	May 1, 2021
Net Income		
GAAP	\$ 14	\$ 14
Impairments, store closing, and other	—	201
Income tax impact of items noted above	—	(50)
Adjusted (non-GAAP)	\$ 14	\$ 165
Diluted Earnings per Share	April 30, 2022	May 1, 2021
GAAP	\$ 0.11	\$ 0.09
Loss on extinguishment of debt	—	1.29
Income tax impact of items noted above	—	(0.33)
Adjusted (non-GAAP)	\$ 0.11	\$ 1.05

Reconciliations

Free Cash Flow

(\$ in millions)

Three Months Ended

April 30, 2022

Net cash provided by operating activities	\$ (460)
Acquisition of property and equipment	(221)
Finance lease and financing obligation payments	(29)
Proceeds from financing obligations	4
Free Cash Flow	\$ (706)

