

Kohl's Commitment to Driving Growth Supported by Increased Investments in Stores

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- Retailer plans to increase its investment in store strategies through new store openings, remodels, and enhanced omnichannel capabilities
- By 2023, Sephora at Kohl's will enter 850 doors, reflecting the new, more modern Kohl's
- Kohl's plans to open 100 new, small format stores over the next four years, reaching new customers in untapped markets
- New store growth represents a sales opportunity of more than \$500 million

MENOMONEE FALLS, Wis.--(BUSINESS WIRE)-- **Kohl's** (NYSE: KSS) is deeply committed to its retail footprint and is evolving its real estate approach to match the changing industry landscape and customer needs. Over the next three years, Kohl's will increase its investment in store strategies that will improve the store experience for customers and associates, and over the next four years, about 100 new, smaller format stores will open in markets previously untapped by Kohl's physical presence.

"Kohl's began with roots as a brick-and-mortar company, and these 60 years of experience have set the company up to become a leading omnichannel retailer," said Mark Griepentrog, Kohl's chief property officer. "Our strong and productive off-mall store base can continuously evolve with our customer's expectations and demand, and we see substantial opportunities to leverage our real estate in producing long-term growth."

Stores: The Foundation of Kohl's Omnichannel Platform

Kohl's stores are the foundation of its omnichannel platform. In 2021, 99% of Kohl's 1,165 stores were four-wall cash flow positive and approximately 95% generated more than \$1 million in four-wall cash flow. The health and profitability of stores is in part due to their strategic locations, creating convenience for the 80% of Americans that live within 15 miles of a Kohl's store. In order to continue meeting customers' needs and wants, Kohl's is evolving the store experience with customer preferences through increased investments.

Reinvention of Kohl's Stores

Kohl's is modernizing its stores to provide customers with features that offer convenient services, opportunities for discovery and an overall inviting experience. By offering services such as In Store Pick Up, Drive-Up, Self-Pick Up, and Amazon Returns, Kohl's is delivering the convenience customers expect from a retailer, and beyond.

Along with convenience, discovery and inspiration are also key factors in a customer's experience. By 2023, Sephora at Kohl's will be introduced to 850 locations, reflecting a new and more modern Kohl's. This modern Kohl's includes the prominent position of Sephora at the front of the store with expanded categories in the surrounding areas such as active, as well as casual and exciting new brands like Draper James RSVP.

Further, Kohl's is introducing dedicated zones for discovery which will inspire curations of cross-category product and brands including diverse- and female-owned companies to meet the needs of customers seeking newness and inspiration. While Kohl's is known for its iconic national brands and

differentiated private brands, this initiative allows the company to leverage its leading omnichannel platform and invest in these emerging brands to curate destinations for discovery in its stores. Since the inception of Kohl's emerging brand program in 2019, the company has introduced over 70 new brands to its customers. By transforming the store flow, Kohl's is creating a sense of discovery every time a customer walks in.

Entering New Markets with Smaller Formats

Kohl's will open about 100 new, smaller format stores over the next four years in markets currently untapped by existing Kohl's stores. The expansion of the small format stores follows a successful pilot of over 20 smaller stores. The average Kohl's store of around 80,000 square feet is too large for many small markets. By introducing these smaller format stores, most at approximately 35,000 square feet, Kohl's gains the flexibility to enter new neighborhoods while also providing a hyper-localized experience to cater to the community's needs.

This June, Kohl's will open a brand-new store in Bonney Lake, WA and in the fall, four additional new small format stores will open in San Angelo, Texas., Morgantown, W.Va., Tacoma, Wash., and Lenox, Mass. These new stores will also be among the first to test Sephora at Kohl's in smaller store formats. As a data-centric company, Kohl's is using information technology to create a highly-localized experience in these smaller stores such as catering the new Tacoma store's merchandise toward the active lifestyle customer in that market by offering a more focused assortment of outdoor gear. In total, these new stores represent a more than \$500 million in sales opportunity as they ramp to full productivity.

Integrated Store and Digital Technology for a Seamless Omnichannel Experience

Kohl's ongoing investments in technology across its physical footprint continue to deliver on future store experiences that benefit the customer. The company is rolling out self-serve buy online, pick up in store and by the end of the year, it will be available in all stores. Kohl's is also continuing to test self-serve returns, currently in over 100 stores, with more planned throughout the next 18 months. The self-return experience is unique to Kohl's, offering a simple in-store drop-off process. Additionally, self-checkout is being tested and will deliver a new kind of checkout experience for customers.

Kohl's integration of store and digital technology enables the company to support enhanced discovery and easy shopability with new functionality being released continuously. Stores also play an integral role in fulfilling omni orders, with approximately 40% of Kohl's digital orders currently being fulfilled by stores. The integration allows Kohl's to convert more customers to become omnichannel customers, and those who shop Kohl's across channels are at least four times more productive than store-only or digital-only shoppers. The strength of store and digital integration allows Kohl's to provide a world-class omnichannel experience.

As the future of retail evolves, Kohl's continues to put an emphasis on the in-store experience and is committed to its footprint across the country. For more information on Kohl's strategy, view the 2022 Investor Day presentation [here](#).

Cautionary Statement Regarding Forward-Looking Information

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements include information concerning the Board's review of expressions of interest and the Company's business strategies, plans, and objectives. 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 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. You should understand that these forward-looking statements are not guarantees of strategic action, performance, or results. 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 is 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.

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** 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**. For more information about Kohl's impact in the community or how to join our winning team, visit **Corporate.Kohls.com** or follow @KohlsNews on Twitter.

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