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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from ________ to _________

Commission file number 1-11084

KOHL'S CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin	**39-1630919**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
N56 W17000 Ridgewood Drive, **Menomonee Falls, Wisconsin**	**53051**
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		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 pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: August 27, 2021 Common Stock, Par Value $0.01 per Share, 150,534,221 shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in Millions)	July 31, 2021	January 30, 2021	August 1, 2020
Assets			
Current assets:			
Cash and cash equivalents	**$2,569**	$2,271	$2,428
Merchandise inventories	**2,733**	2,590	2,698
Other	**356**	974	562
Total current assets	**5,658**	5,835	5,688
Property and equipment, net	**7,107**	6,689	6,970
Operating leases	**2,301**	2,398	2,418
Other assets	**440**	415	159
Total assets	**$15,506**	$15,337	$15,235
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	**$1,495**	$1,476	$1,064
Accrued liabilities	**1,554**	1,270	1,216
Current portion of:			
Finance lease and financing obligations	**117**	115	126
Operating leases	**143**	161	160
Total current liabilities	**3,309**	3,022	2,566
Long-term debt	**1,909**	2,451	3,450
Finance lease and financing obligations	**1,906**	1,387	1,356
Operating leases	**2,532**	2,625	2,637
Deferred income taxes	**245**	302	122
Other long-term liabilities	**386**	354	267
Shareholders' equity:			
Common stock	**4**	4	4
Paid-in capital	**3,349**	3,319	3,290
Treasury stock, at cost	**(11,920)**	(11,595)	(11,594)
Retained earnings	**13,786**	13,468	13,137
Total shareholders' equity	**$5,219**	$5,196	$4,837
Total liabilities and shareholders' equity	**$15,506**	$15,337	$15,235

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
(Dollars in Millions, Except per Share Data)	**July 31, 2021**	**August 1, 2020**	**July 31, 2021**	**August 1, 2020**
Net sales	**$4,223**	$3,213	**$7,885**	$5,373
Other revenue	**224**	194	**449**	462
Total revenue	**4,447**	3,407	**8,334**	5,835
Cost of merchandise sold	**2,426**	2,149	**4,659**	3,936
Operating expenses:				
Selling, general, and administrative	**1,241**	1,050	**2,411**	2,116
Depreciation and amortization	**210**	219	**421**	446
Impairments, store closing, and other costs	**—**	(2)	**—**	64
(Gain) on sale of real estate	**—**	(127)	**—**	(127)
Operating income (loss)	**570**	118	**843**	(600)
Interest expense, net	**62**	78	**129**	136
Loss on extinguishment of debt	—	—	**201**	—
Income (loss) before income taxes	**508**	40	**513**	(736)
Provision (benefit) for income taxes	**126**	(7)	**117**	(242)
Net income (loss)	**$382**	$47	**$396**	$(494)
Net income (loss) per share:				
Basic	**$2.51**	$0.31	**$2.58**	$(3.21)
Diluted	**$2.48**	$0.30	**$2.55**	$(3.21)

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in Millions, Except per Share Data)	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Common stock				
Balance, beginning of period	**$4**	$4	**$4**	$4
Stock-based awards	**—**	—	**—**	—
Balance, end of period	**$4**	$4	**$4**	$4
Paid-in capital				
Balance, beginning of period	**$3,333**	$3,289	**$3,319**	$3,272
Stock-based awards	**16**	1	**30**	18
Balance, end of period	**$3,349**	$3,290	**$3,349**	$3,290
Treasury stock, at cost				
Balance, beginning of period	**$(11,663)**	$(11,593)	**$(11,595)**	$(11,571)
Treasury stock purchases	**(255)**	—	**(301)**	(8)
Stock-based awards	**(3)**	(1)	**(25)**	(21)
Dividends paid	**1**	—	**1**	6
Balance, end of period	**$(11,920)**	$(11,594)	**$(11,920)**	$(11,594)
Retained earnings				
Balance, beginning of period	**$13,443**	$13,090	**$13,468**	$13,745
Net income (loss)	**382**	47	**396**	(494)
Dividends paid	**(39)**	—	**(78)**	(114)
Balance, end of period	**$13,786**	$13,137	**$13,786**	$13,137
Total shareholders' equity, end of period	**$5,219**	$4,837	**$5,219**	$4,837
Common stock				
Shares, beginning of period	**377**	377	**377**	375
Stock-based awards	**—**	—	**—**	2
Shares, end of period	**377**	377	**377**	377
Treasury stock				
Shares, beginning of period	**(220)**	(219)	**(219)**	(219)
Treasury stock purchases	**(5)**	—	**(6)**	—
Shares, end of period	**(225)**	(219)	**(225)**	(219)
Total shares outstanding, end of period	**152**	158	**152**	158
Dividends paid per common share	**$0.25**	—	**$0.50**	$0.704

See accompanying Notes to Consolidated Financial Statements

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

(Dollars in Millions)	Six Months Ended July 31, 2021	Six Months Ended August 1, 2020
Operating activities		
Net income (loss)	**$396**	$(494)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**421**	446
Share-based compensation	**25**	14
Deferred income taxes	**(57)**	(132)
Impairments, store closing, and other costs	**—**	48
(Gain) on sale of real estate	**—**	(127)
Loss on extinguishment of debt	**201**	—
Non-cash inventory costs	**—**	187
Non-cash lease expense	**74**	74
Other non-cash expense	**9**	10
Changes in operating assets and liabilities:		
Merchandise inventories	**(138)**	656
Other current and long-term assets	**590**	(170)
Accounts payable	**19**	(142)
Accrued and other long-term liabilities	**228**	16
Operating lease liabilities	**(76)**	(82)
Net cash provided by operating activities	**1,692**	304
Investing activities		
Acquisition of property and equipment	**(191)**	(196)
Proceeds from sale of real estate	**4**	193
Net cash used in investing activities	**(187)**	(3)
Financing activities		
Proceeds from issuance of debt	**500**	2,097
Deferred financing costs	**(5)**	(19)
Treasury stock purchases	**(301)**	(8)
Shares withheld for taxes on vested restricted shares	**(25)**	(20)
Dividends paid	**(77)**	(108)
Reduction of long-term borrowings	**(1,044)**	(497)
Premium paid on redemption of debt	**(192)**	—
Finance lease and financing obligation payments	**(65)**	(44)
Proceeds from stock option exercises	**1**	—
Proceeds from financing obligations	**4**	3
Other	**(3)**	—
Net cash (used in) provided by financing activities	**(1,207)**	1,404
Net increase in cash and cash equivalents	**298**	1,705
Cash and cash equivalents at beginning of period	**2,271**	723
Cash and cash equivalents at end of period	**$2,569**	$2,428
Supplemental information		
Interest paid, net of capitalized interest	**$128**	$108
Income taxes paid	**43**	137

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for fiscal year end Consolidated Financial Statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the Consolidated Financial Statements and related footnotes included in our Annual Report on Form 10-K for the fiscal year ended January 30, 2021 (Commission File No. 1-11084) as filed with the Securities and Exchange Commission.

Due to the seasonality of the business of Kohl's Corporation (the "Company," "Kohl's," "we," "our," or "us") and the uncertainty surrounding the financial impact of the novel coronavirus ("COVID-19") pandemic, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

We operate as a single business unit.

Recent Accounting Pronouncements

We adopted the new accounting standard on simplifying the accounting for income taxes (ASU 2019-12), effective at the beginning of fiscal 2021. The transition method (retrospective, modified retrospective, or prospective basis) related to the amendments depends on the applicable guidance, and all amendments for which there is no transition guidance specified are to be applied on a prospective basis. There was no material impact on our financial statements due to adoption of the new standard.

2. Revenue Recognition

The following table summarizes net sales by line of business:

	Three Months Ended		Six Months Ended	
(Dollars in Millions)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Women's	**$1,344**	$951	**$2,461**	$1,544
Men's	**942**	598	**1,629**	961
Home	**609**	657	**1,243**	1,140
Children's	**463**	395	**931**	664
Footwear	**462**	337	**850**	570
Accessories	**403**	275	**771**	494
Net Sales	**$4,223**	$3,213	**$7,885**	$5,373

Unredeemed gift cards and merchandise return card liabilities totaled $281 million as of July 31, 2021, $339 million as of January 30, 2021, and $283 million as of August 1, 2020. Revenue of $117 million was recognized during the current year from the January 30, 2021 ending balance.

3. Debt

Long-term debt, which includes draws on the revolving credit facility, consists of the following unsecured and secured senior debt:

Maturity (Dollars in Millions)	Effective Rate	Coupon Rate	Outstanding		
			July 31, 2021	January 30, 2021	August 1, 2020
2023	3.25%	3.25%	**$164**	$350	$350
2023	4.78%	4.75%	**111**	184	184
2025	9.50%	9.50%	**113**	600	600
2025	4.25%	4.25%	**353**	650	650
2029	7.36%	7.25%	**42**	42	42
2031	3.40%	3.38%	**500**	—	—
2033	6.05%	6.00%	**112**	113	113
2037	6.89%	6.88%	**101**	101	101
2045	5.57%	5.55%	**427**	427	427
Outstanding unsecured senior debt			**1,923**	2,467	2,467
Unamortized debt discounts and deferred financing costs			**(14)**	(16)	(17)
Unsecured senior debt			**1,909**	2,451	2,450
Effective interest rate			**4.89%**	5.90%	5.90%
Secured senior debt			**—**	—	1,000
Total long-term debt			**$1,909**	$2,451	$3,450

Our unsecured senior long-term debt is classified as Level 1, financial instruments with unadjusted, quoted prices listed on active market exchanges. The estimated fair value of our unsecured senior debt was $2.2 billion at July 31, 2021, $2.8 billion at January 30, 2021, and $2.5 billion at August 1, 2020.

No borrowing amounts were outstanding on the credit facility in place as of July 31, 2021 or January 30, 2021. At August 1, 2020, $1.0 billion was outstanding on the credit facility.

In March 2021, we issued $500 million in aggregate principal amount of 3.375% notes with semi-annual interest payments beginning in November 2021. The notes include coupon rate step ups if our long-term debt is downgraded to below a BBB- credit rating by S&P Global Ratings or Baa3 by Moody's Investors Service, Inc. The notes mature in May 2031. Proceeds of the issuance and cash on hand were used to pay the principal, premium, and accrued interest of the notes which were purchased as part of the cash tender offer in April 2021.

In April 2021, we completed a cash tender offer for $1.0 billion of senior unsecured debt. We recognized a $201 million loss on extinguishment of debt in the first quarter of 2021, which includes the $192 million tender premium paid to tendering note holders in accordance with the terms of the tender offer, a $6 million non-cash write-off of deferred financing costs and original issue discounts associated with the extinguished debt, and $3 million in other fees.

4. Leases

We lease certain property and equipment used in our operations. Some of our store leases include additional rental payments based on a percentage of sales over contractual levels or which are adjusted periodically for inflation. Our typical store lease has an initial term of 20 to 25 years and four to eight five-year renewal options.

Lease assets represent our right to use an underlying asset for the lease term. Lease assets are recognized at commencement date based on the value of the lease liability and are adjusted for any lease payments made to the lessor at or before commencement date, minus any lease incentives received and any initial direct costs incurred by the lessee.

Lease liabilities represent our contractual obligation to make lease payments. At the commencement date, the lease liabilities equal the present value of minimum lease payments over the lease term. As the implicit interest rate is not readily identifiable in our leases, we estimate our collateralized borrowing rate to calculate the present value of lease payments.

Leases with a term of 12 months or less are excluded from the balance; we recognize lease expense for these leases on a straight-line basis over the lease term. We combine lease and non-lease components for new and modified leases.

We plan to open 200 Sephora shops within our Kohl's stores in fall of 2021. Due to the investments we are making in the Sephora shops, we are required to reassess our lease term when construction begins as these assets will have significant economic value to us when the lease term becomes exercisable. The impact of these assessments resulted in additional lease term, additional lease assets and liabilities, and, in some cases, changes to the classification.

The following tables summarize our operating and finance leases and where they are presented in our Consolidated Financial Statements:

Consolidated Balance Sheets			
(Dollars in Millions)	**Classification**	**July 31, 2021**	**January 30, 2021**
Assets			
Operating leases	Operating leases	**$2,301**	$2,398
Finance leases	Property & equipment, net	**1,226**	708
Total operating & finance leases		**3,527**	3,106
Liabilities			
Current			
Operating leases	Current portion of operating leases	**143**	161
Finance leases	Current portion of finance leases & financing obligations	**83**	76
Noncurrent			
Operating leases	Operating leases	**2,532**	2,625
Finance leases	Finance leases & financing obligations	**1,457**	926
Total operating & finance leases		**$4,215**	$3,788

Consolidated Statement of Operations		Three Months Ended	Six Months Ended
(Dollars in Millions)	**Classification**	**July 31, 2021**	**July 31, 2021**
Operating leases	Selling, general, and administrative	**$79**	**$156**
Finance Leases			
Amortization of leased assets	Depreciation and amortization	**23**	**43**
Interest on leased assets	Interest expense, net	**27**	**52**
Total operating and finance leases		**$129**	**$251**

Consolidated Statement of Cash Flows	Six Months Ended
(Dollars in Millions)	**July 31, 2021**
Cash paid for amounts included in the measurement of leased liabilities	
Operating cash flows from operating leases	**$165**
Operating cash flows from finance leases	**52**
Financing cash flows from finance leases	**47**

The following table summarizes future lease payments by fiscal year:

	July 31, 2021		
(Dollars in millions)	Operating Leases	Finance Leases	Total
2021	$143	$96	$239
2022	289	185	474
2023	277	166	443
2024	248	151	399
2025	234	145	379
After 2025	3,492	2,467	5,959
Total lease payments	$4,683	$3,210	$7,893
Amount representing interest	(2,008)	(1,670)	(3,678)
Lease liabilities	$2,675	$1,540	$4,215

The following table summarizes weighted-average remaining lease term and discount rate:

	July 31, 2021	January 30, 2021
Weighted-average remaining term (years)		
Operating leases	**20**	19
Finance leases	**19**	18
Weighted-average discount rate		
Operating leases	**6%**	6%
Finance leases	**7%**	10%

Other lease information is as follows:

(Dollars in Millions)	Six Months Ended July 31, 2021	Six Months Ended August 1, 2020
Property and equipment acquired (disposed) through:		
Finance lease liabilities	**$569**	$56
Operating lease liabilities	**(29)**	103

Financing Obligations

Historical failed sale-leasebacks that did not qualify for sale-leaseback accounting upon adoption of ASC 842 continue to be accounted for as financing obligations.

The following tables summarize our financing obligations and where they are presented in our Consolidated Financial Statements:

Consolidated Balance Sheets			
(Dollars in millions)	Classification	July 31, 2021	January 30, 2021
Assets			
Financing obligations	Property & equipment, net	**$60**	$65
Liabilities			
Current	Current portion of finance leases & financing obligations	**34**	39
Noncurrent	Finance leases & financing obligations	**449**	461
Total financing obligations		**$483**	$500

Consolidated Statement of Operations		Three Months Ended	Six Months Ended
(Dollars in Millions)	Classification	July 31, 2021	July 31, 2021
Amortization of financing obligation assets	Depreciation and amortization	**3**	**5**
Interest on financing obligations	Interest expense, net	**10**	**19**
Total financing obligations		**$13**	**$24**

Consolidated Statement of Cash Flows	Six Months Ended
(Dollars in Millions)	July 31, 2021
Cash paid for amounts included in the measurement of financing obligations	
Operating cash flows from financing obligations	**$19**
Financing cash flows from financing obligations	**18**
Proceeds from financing obligations	**4**

The following table summarizes future financing obligation payments by fiscal year:

(Dollars in millions)	July 31, 2021 Financing Obligations
2021	$34
2022	71
2023	69
2024	64
2025	55
After 2025	369
Total lease payments	$662
Non-cash gain on future sale of property	219
Amount representing interest	(398)
Financing obligation liability	$483

The following table summarizes the weighted-average remaining term and discount rate for financing obligations:

	July 31, 2021	January 30, 2021
Weighted-average remaining term (years)	**9**	8
Weighted-average discount rate	**9%**	7%

5. Stock-Based Awards

The following table summarizes our stock-based awards activity for the six months ended July 31, 2021:

	Stock Options		Nonvested Stock Awards		Performance Share Units	
(Shares and Units in Thousands)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance - January 30, 2021	36	$52.15	3,451	$32.09	1,037	$49.95
Granted	—	—	614	56.56	211	58.99
Exercised/vested	(19)	55.41	(1,057)	35.22	(211)	72.21
Forfeited/expired	(1)	51.27	(130)	33.05	(33)	30.42
Balance - July 31, 2021	**16**	**$48.25**	**2,878**	**$36.12**	**1,004**	**$47.82**

In 2019, we issued 1,747,441 stock warrants. The total vested and unvested warrants as of July 31, 2021 were 698,977 and 1,048,464, respectively.

6. Contingencies

We are subject to certain legal proceedings and claims arising out of the conduct of our business. In the opinion of management, the outcome of these proceedings and litigation will not have a material adverse impact on our Consolidated Financial Statements.

7. Income Taxes

The second quarter and year to date 2021 resulted in income tax expense driven by book income. The effective income tax rate in the second quarter and year to date 2020 was driven by the net loss due to the temporary closure of our stores and the benefit of the net loss carryback to years with a federal statutory tax rate of 35%.

8. Net Income (Loss) Per Share

Basic Net income (loss) per share is Net income (loss) divided by the average number of common shares outstanding during the period. Diluted Net income (loss) per share includes incremental shares assumed for share-based awards and stock warrants. Potentially dilutive shares include stock options, unvested restricted stock units and awards, and warrants outstanding during the period, using the treasury stock method. Potentially dilutive shares are excluded from the computations of diluted earnings per share (“EPS”) if their effect would be anti-dilutive.

The information required to compute basic and diluted Net income (loss) per share is as follows:

	Three Months Ended		Six Months Ended	
(Dollar and Shares in Millions, Except per Share Data)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Numerator—Net income (loss)	**$382**	$47	**$396**	$(494)
Denominator—Weighted-average shares:				
Basic	**152**	154	**153**	154
Dilutive impact	**2**	1	**2**	—
Diluted	**154**	155	**155**	154
Net income (loss) per share:				
Basic	**$2.51**	$0.31	**$2.58**	$(3.21)
Diluted	**$2.48**	$0.30	**$2.55**	$(3.21)

The following potential shares of common stock were excluded from the diluted Net income (loss) per share calculation because their effect would have been anti-dilutive:

	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Anti-dilutive shares	**3**	5	**3**	7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For purposes of the following discussion, unless noted, all references to "the quarter" and "the second quarter" are for the three fiscal months (13 weeks) ended July 31, 2021, August 1, 2020, or August 3, 2019. References to "year to date" and "first half" are for the six fiscal months (26 weeks) ended July 31, 2021 or August 1, 2020. References to "the first quarter" are for the three fiscal months (13 weeks) ended May 1, 2021 or May 2, 2020.

This Form 10-Q contains "forward-looking statements" made 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 the information under "2021 Outlook," as well as statements about our future sales or financial performance and our plans, performance, and other objectives, expectations, or intentions, such as statements regarding our liquidity, debt service requirements, planned capital expenditures, future store initiatives, and adequacy of capital resources and reserves. Forward-looking statements are based on management's then-current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Any such forward-looking statements are qualified by the important risk factors, described in Part I Item 1A of our 2020 Form 10-K or disclosed from time to time in our filings with the SEC, that could cause actual results to differ materially from those predicted by the forward-looking statements. Forward-looking statements relate to the date initially made and we undertake no obligation to update them.

Executive Summary

As of July 31, 2021, we operated 1,162 Kohl's stores and a website (www.Kohls.com). During the quarter, we closed our 12 FILA outlets. Our Kohl's stores and website sell moderately-priced private and national brand apparel, footwear, accessories, beauty, and home products. Our Kohl's stores generally carry a consistent merchandise assortment with some differences attributable to local preferences. Our website includes merchandise which is available in our stores, as well as merchandise that is available only online.

Key financial results for the quarter included:

- Delivered record earnings of $2.48 per diluted share
- Strengthened financial position during the quarter, ending with $2.6 billion in cash
- Net sales increased 31.4% to last year
- Gross margin was 42.5% of net sales, a 942 basis point increase over the prior year period
- SG&A increased 18.2% and leveraged 291 basis points to last year
- Achieved a 12.8% operating margin

COVID-19

As discussed in our 2020 Form 10-K, the COVID-19 pandemic has had significant adverse effects on our business. We are closely monitoring the effects of the ongoing COVID-19 pandemic and its continued impact on our business. We cannot estimate with certainty the length or severity of this pandemic, or the extent to which the disruption may materially impact our Consolidated Financial Statements. During the first half of 2021, we saw momentum in our business which allowed us to resume our capital allocation strategy including reinstating dividends, resuming our share repurchase program, and employing liability management strategies.

Comparison of Financial Results to 2019

Due to the significant impact of COVID-19 on 2020 operating results, we are providing the below comparisons to the second quarter of 2019 to provide additional context.

- Net sales increased 1.3% with digital sales increasing 35%
- Gross margin as a percent of net sales increased 373 basis points driven by strong inventory management and our pricing and promotion optimization strategies, partially offset by higher shipping costs resulting from an increase in digital sales penetration
- SG&A decreased 2.2% and leveraged 74 basis points driven by marketing and technology efficiencies as well as increased store productivity

Our Vision and Strategy

In 2020, the Company announced a new strategic framework with a vision to be "the most trusted retailer of choice for the active and casual lifestyle." This strategy is designed to create long-term shareholder value and has four key focus areas: driving top line growth, expanding operating margin, maintaining disciplined capital management, and sustaining an agile, accountable, and inclusive culture.

2021 Outlook

Our updated expectations for fiscal 2021 are as follows:

Net sales	Increase low-twenties % vs 2020
Operating margin	7.4% - 7.6%
Adjusted diluted earnings per share (a)	$5.80 - $6.10
Capital expenditures	$600 - $650 million
Share repurchases	$500 - $700 million

(a) Adjusted diluted earnings per share is a Non-GAAP financial measure. See GAAP to Non-GAAP Reconciliation for items excluded.

We continue to be thoughtful and prudent in setting our financial outlook for the balance of the year considering the uncertainty around consumer spending given the COVID-19 delta variant situation, as well as industry-wide supply chain challenges and wage headwinds.

Results of Operations

Total Revenue

	Three Months Ended			Six Months Ended		
(Dollars in Millions)	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
Net sales	**$4,223**	$3,213	$1,010	**$7,885**	$5,373	$2,512
Other revenue	**224**	194	30	**449**	462	(13)
Total revenue	**$4,447**	$3,407	$1,040	**$8,334**	$5,835	$2,499

Net sales increased 31.4% for the second quarter of 2021 and 46.8% for year to date 2021.

- The increase in net sales was driven by higher sales in our stores and shows that our key strategic initiatives are gaining traction and resonating with our customers.
- Digital sales decreased 14% for the second quarter of 2021 and 2% for year to date 2021. Digital penetration was 26% of net sales for the second quarter of 2021 and 28% of net sales for year to date 2021.
- From a line of business perspective, Men's, Accessories, Women's, and Footwear outperformed the Company average for the second quarter and year to date 2021.

- Active continues to outperform and increased more than 40% for the second quarter of 2021 and more than 60% for year to date 2021. Active represented 24% of sales for the second quarter of 2021 and 23% of sales year to date 2021.

Comparable sales is a measure that highlights the performance of our stores and digital channel by measuring the change in sales for a period over the comparable, prior-year period of equivalent length. Comparable sales includes all store and digital sales, except sales from stores open less than 12 months, stores that have been closed, and stores where square footage has changed by more than 10%. We measure the change in digital sales by including all sales initiated online or through mobile applications, including omnichannel transactions which are fulfilled through our stores.

As our stores were closed for a period during the second quarter of 2020, we have not included a discussion of comparable sales as we do not believe it is a meaningful metric over this period of time.

We measure digital penetration as digital sales over net sales. These amounts do not take into consideration fulfillment node, digital returns processed in stores, and coupon behaviors.

Digital penetration calculations vary across the retail industry. As a result, our digital penetration calculation may not be consistent with the similarly titled measures reported by other companies.

The increase in Other revenue of $30 million for the second quarter of 2021 was driven by an increase in credit revenue due to lower write-off activity. Year to date, other revenue decreased $13 million driven by lower credit revenue due to lower accounts receivable balances associated with a decrease in sales in 2020 partially offset by lower write-off activity.

Cost of Merchandise Sold and Gross Margin

	Three Months Ended			Six Months Ended		
(Dollars in Millions)	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
Net sales	**$4,223**	$3,213	$1,010	**$7,885**	$5,373	$2,512
Cost of merchandise sold	**2,426**	2,149	277	**4,659**	3,936	723
Gross margin	**$1,797**	$1,064	$733	**$3,226**	$1,437	$1,789
Gross margin as a percent of net sales	**42.5%**	33.1%	942 bps	**40.9%**	26.8%	1,415 bps

Cost of merchandise sold includes the total cost of products sold, including product development costs, net of vendor payments other than reimbursement of specific, incremental, and identifiable costs; inventory shrink; markdowns; freight expenses associated with moving merchandise from our vendors to our distribution centers; shipping expenses for digital sales; terms cash discount; and depreciation of product development facilities and equipment. Our cost of merchandise sold may not be comparable with that of other retailers because we include distribution center and buying costs in selling, general, and administrative expenses while other retailers may include these expenses in cost of merchandise sold.

For the second quarter of 2021, gross margin was 42.5% of net sales, increasing 942 basis points. YTD 2021 gross margin was 40.9% of net sales, increasing 1,415 basis points.

Gross margin benefited from strong inventory management with a focus on turn, further scaling our pricing and promotion optimization strategies, a favorable industry backdrop which provided for a greater percentage of full price selling, and from lower shipping costs resulting from decreased digital sales penetration. In executing against our strategy, we have structurally improved our margin efficiency and are confident in our ability to sustain the recent improvement, while we are also monitoring industry-wide supply chain uncertainties and cost inflation. We have navigated the challenges to date, but acknowledge there still remains a lot of uncertainty as we look to the balance of the year.

Selling, General, and Administrative Expense ("SG&A")

	Three Months Ended			Six Months Ended		
(Dollars in Millions)	**July 31, 2021**	**August 1, 2020**	**Change**	**July 31, 2021**	**August 1, 2020**	**Change**
SG&A	**$1,241**	$1,050	$191	**$2,411**	$2,116	$295
As a percent of total revenue	**27.9%**	30.8%	(291) bps	**28.9%**	36.3%	(733) bps

SG&A includes compensation and benefit costs (including stores, corporate, buying, and distribution centers); occupancy and operating costs of our retail, distribution, and corporate facilities; freight expenses associated with moving merchandise from our distribution centers to our retail stores and among distribution and retail facilities other than expenses to fulfill digital sales; marketing expenses, offset by vendor payments for reimbursement of specific, incremental, and identifiable costs; expenses related to our credit card operations; and other administrative revenues and expenses. We do not include depreciation and amortization in SG&A. The classification of these expenses varies across the retail industry.

Many of our expenses, including store payroll and distribution costs, are variable in nature. These costs generally increase as sales increase and decrease as sales decrease. We measure both the change in these variable expenses and the expense as a percent of revenue. If the expense as a percent of revenue decreased from the prior year, the expense "leveraged". If the expense as a percent of revenue increased over the prior year, the expense "deleveraged".

The following table summarizes the increases (decreases) in SG&A by expense type:

(Dollars in Millions)	**Three Months Ended July 31, 2021**	**Six Months Ended July 31, 2021**
Store expenses	**$100**	**$148**
Marketing	**39**	**34**
Corporate and other	**30**	**86**
Distribution	**32**	**52**
Technology	**(10)**	**(25)**
Total increase	**$191**	**$295**

SG&A expenses increased $191 million, or 18.2%, to $1.2 billion in the second quarter of 2021. As a percentage of revenue, SG&A leveraged by 291 basis points. Year to date 2021, SG&A expenses increased $295 million, or 13.9%, to $2.4 billion. As a percentage of revenue, SG&A leveraged by 733 basis points as we continue to deliver against our efforts to drive marketing and technology efficiency and improve store productivity.

The increase in SG&A during the second quarter and year to date 2021 was primarily driven by increases in store, marketing, distribution, and corporate expenses as sales recovered and expenses normalized after our store closures last year due to COVID-19. Corporate expenses also increased year to date due to the retention credit benefit we were eligible for under The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in 2020. Partially offsetting the increase in SG&A expense was a decrease in technology expense driven by a more balanced staffing model.

Wage inflation is expected to remain a headwind as the employment market remains very tight. To strengthen our position for the upcoming holiday season, we recently announced a retention incentive for associates in our stores and distribution centers. We will continue to monitor our positioning in the market to ensure that we remain competitive. We will look to mitigate the higher costs through increased store productivity and efficiency across other areas of the business.

Other Expenses

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
Depreciation and amortization	**$210**	$219	$(9)	**$421**	$446	$(25)
Impairments, store closing, and other costs	**—**	(2)	2	**—**	64	(64)
(Gain) on sale of real estate	**—**	(127)	127	**—**	(127)	127
Interest expense, net	**62**	78	(16)	**129**	136	(7)
Loss on extinguishment of debt	**—**	—	—	**201**	—	201

Depreciation and amortization decreases were driven by reduced capital spending in 2020 due to COVID-19.

In the second quarter of 2020, we recognized a gain of $2 million in Impairments, store closing, and other costs which was the result of a gain due to a lease amendment partially offset by an asset impairment on assets held for sale. In the first quarter of 2020, we incurred $66 million of Impairments, store closing, and other costs. We incurred $51 million in asset write-offs, $2 million in other costs related to capital reductions and strategy changes due to COVID-19, and $13 million in brand exit costs.

In the second quarter of 2020, we recognized a gain of $127 million from the sale leaseback transaction of our San Bernardino E-commerce fulfillment and distribution centers.

Net interest expense decreased in the second quarter and year to date 2021 as a result of higher interest expense in 2020 due to the outstanding balance on the revolving credit facility as of the second quarter of 2020 and the $600 million notes issued in April 2020 partially offset by liability management strategies employed in 2021.

In the first quarter of 2021, we completed a cash tender offer and recognized a loss of $201 million from the extinguishment of debt.

Income Taxes

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	July 31, 2021	August 1, 2020	Change	July 31, 2021	August 1, 2020	Change
Provision (benefit) for income taxes	**$126**	$(7)	$133	**$117**	$(242)	$359
Effective tax rate	**24.8%**	(17.9%)		**22.8%**	32.9%	

The second quarter and year to date 2021 resulted in income tax expense driven by book income. The effective income tax rate in the second quarter and year to date 2020 was driven by the net loss due to the temporary closure of our stores and the benefit of the net loss carryback to years with a federal statutory tax rate of 35%.

GAAP to Non-GAAP Reconciliation

(Dollars in Millions, Except per Share Data)	Operating Income (Loss)	Income (Loss) before Income Taxes	Net Income (Loss)	Earnings (Loss) Per Diluted Share
Three Months Ended July 31, 2021				
GAAP	**$570**	**$508**	**$382**	**$2.48**
Loss on extinguishment of debt	**—**	**—**	**—**	**—**
Impairments, store closing, and other costs	—	—	—	—
(Gain) on sale of real estate	—	—	—	—
Income tax impact of items noted above	—	—	—	—
Adjusted (non-GAAP)	**$570**	**$508**	**$382**	**$2.48**
Three Months Ended August 1, 2020				
GAAP (1)	$118	$40	$47	$0.30
Loss on extinguishment of debt	—	—	—	—
Impairments, store closing, and other costs	(2)	(2)	(2)	(0.01)
(Gain) on sale of real estate	(127)	(127)	(127)	(0.82)
Income tax impact of items noted above	—	—	43	0.28
Adjusted (non-GAAP) (2)	$(11)	$(89)	$(39)	$(0.25)
Six Months Ended July 31, 2021				
GAAP	**$843**	**$513**	**$396**	**$2.55**
Loss on extinguishment of debt	**—**	**201**	**201**	**1.29**
Impairments, store closing, and other costs	—	—	—	—
(Gain) on sale of real estate	—	—	—	—
Income tax impact of items noted above	—	—	**(50)**	**(0.32)**
Adjusted (non-GAAP)	**$843**	**$714**	**$547**	**$3.52**
Six Months Ended August 1, 2020				
GAAP	$(600)	$(736)	$(494)	$(3.21)
Loss on extinguishment of debt	—	—	—	—
Impairments, store closing, and other costs	64	64	64	0.41
(Gain) on sale of real estate	(127)	(127)	(127)	(0.82)
Income tax impact of items noted above	—	—	23	0.15
Adjusted (non-GAAP)	$(663)	$(799)	$(534)	$(3.47)

(1) Weighted average diluted shares outstanding for purpose of calculating diluted earnings per share for the three months ended August 1, 2020 was 155 million, which includes the dilutive effect of share-based awards as determined under the treasury stock method.

(2) Weighted average diluted shares outstanding for purposes of calculating diluted adjusted (loss) per share for the three months ended August 1, 2020 was 154 million as the effect of including dilutive shares would be antidilutive.

We believe the adjusted results in the table above are useful because they provide enhanced visibility into our results for the periods excluding the impact of certain items such as those included in the table above. However, these non-GAAP financial measures are not intended to replace the comparable GAAP measures.

Seasonality and Inflation

Our business, like that of other retailers, is subject to seasonal influences. Sales and income are typically higher during the back-to-school and holiday seasons. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. Due to the impact of COVID-19, typical sales patterns may not occur this year.

In addition to COVID-19, we expect that our operations will continue to be influenced by general economic conditions, including food, fuel, and energy prices, higher unemployment, wage inflation, and costs to source our merchandise, including tariffs. There can be no assurances that such factors will not impact our business in the future.

Liquidity and Capital Resources

The following table presents our primary uses and sources of cash:

Cash Uses	Cash Sources
• Operational needs, including salaries, rent, taxes, and other operating costs • Capital expenditures • Inventory • Share repurchases • Dividend payments • Debt reduction	• Cash flow from operations • Short-term trade credit, in the form of extended payment terms • Line of credit under our revolving credit facility • Issuance of debt

Our working capital and inventory levels typically build throughout the fall, peaking during the November and December holiday selling season.

	Six Months Ended		
(Dollars in Millions)	July 31, 2021	August 1, 2020	Change
Net cash provided by (used in):			
Operating activities	**$1,692**	$304	$1,388
Investing activities	**(187)**	(3)	(184)
Financing activities	**(1,207)**	1,404	(2,611)

Operating Activities

Operating activities generated $1.7 billion in the first half of 2021 compared to $304 million in the first half of 2020. The increase was primarily due to an increase in net income resulting from increased sales due to the impact of COVID-19 last year and a tax refund received in 2021 related to the net loss we incurred in 2020 and the carryback provision under the CARES Act.

Investing Activities

Investing activities used $187 million in the first half of 2021 and $3 million in the first half of 2020. The increase was due to proceeds from the sale of real estate in the second quarter of 2020.

Financing Activities

Financing activities used $1.2 billion in the first half of 2021 and generated $1.4 billion in the first half of 2020.

In March 2021, we issued $500 million in aggregate principal amount of 3.375% notes with semi-annual interest payments beginning in November 2021. The notes include coupon rate step ups if our long-term debt is downgraded to below a BBB- credit rating by S&P Global Ratings or Baa3 by Moody's Investors Service, Inc. The notes mature in May 2031.

In April 2021, we completed a cash tender offer for $1.0 billion of senior unsecured debt. We recognized a $201 million loss on extinguishment of debt in the first quarter of 2021, which includes the $192 million tender premium paid to tendering note holders in accordance with the terms of the tender offer, a $6 million non-cash write-off of deferred financing costs and original issue discounts associated with the extinguished debt, and $3 million in other fees.

In March 2020, we fully drew down our $1.0 billion senior unsecured revolver. In April 2020, we replaced and upsized the unsecured credit facility with a $1.5 billion senior secured, asset based revolving credit facility maturing in July 2024. At August 1, 2020, $1.0 billion was outstanding on the credit facility bearing an effective interest rate of 3.41%.

In April 2020, we issued $600 million in aggregate principal amount of 9.50% notes with semi-annual interest payments beginning in November 2020. The notes mature in May 2025. We used part of the net proceeds from this offering to repay $500 million of the borrowings under our senior secured, asset based revolving credit facility with the remainder for general corporate purposes.

We paid cash for treasury stock purchases of $301 million in the first half of 2021 and $8 million in the first half of 2020. During the first quarter of 2021, we reinstated our share repurchase program which had been suspended in the first quarter of 2020 in response to COVID-19. Share repurchases are discretionary in nature. The timing and amount of repurchases are based upon available cash balances, our stock price, and other factors.

Cash dividend payments were $77 million ($0.50 per share) in the first half of 2021 and $108 million ($0.704 per share) in the first half of 2020. During the first quarter of 2021, we reinstated our dividend program which had been suspended beginning in the second quarter of 2020 in response to COVID-19. On August 10, 2021, our Board of Directors declared a quarterly cash dividend on our common stock of $0.25 per share. The dividend is payable September 22, 2021 to shareholders of record at the close of business on September 8, 2021.

As of July 31, 2021, our credit ratings were as follows:

	Moody’s	Standard & Poor’s	Fitch
Long-term debt	Baa2	BBB-	BBB-
Outlook	Negative	Stable	Stable

Key Financial Ratios

Key financial ratios that provide certain measures of our liquidity are as follows:

(Dollars in Millions)	July 31, 2021	August 1, 2020
Working capital	**$2,349**	$3,122
Current ratio	**1.71**	2.22

The decrease in our working capital and current ratio are primarily due to an increase in accounts payable driven by higher inventory receipts as well as an increase in accrued liabilities.

Debt Covenant Compliance

As of July 31, 2021, we were in compliance with all covenants in our debt instruments and expect to remain in compliance during the remainder of fiscal 2021.

Contractual Obligations

During the first half of 2021, we issued $500 million in aggregate principal amount of 3.375% notes due in 2031. We also completed a cash tender offer for $1.0 billion of our senior unsecured debt. See "Liquidity and Capital Resources" for additional details about these financing activities. See Note 3 of the Consolidated Financial Statements for additional details about outstanding debt. There have been no other significant changes in the contractual obligations disclosed in our 2020 Form 10-K.

Off-Balance Sheet Arrangements

We have not provided any financial guarantees arising from arrangements with unconsolidated entities or persons as of July 31, 2021.

We have not created, and are not a party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt, or operating our business. We do not have any arrangements or relationships with entities that are not consolidated into our financial statements that are reasonably likely to materially affect our financial condition, liquidity, results of operations, or capital resources.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts. Management has discussed the development, selection, and disclosure of its estimates and assumptions with the Audit Committee of our Board of Directors. There have been no significant changes in the critical accounting policies and estimates discussed in our 2020 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our operating results are subject to interest rate risk as the $500 million of notes issued in March 2021 include coupon rate step ups if our long-term debt is downgraded to below a BBB- credit rating by S&P Global Ratings or Baa3 by Moody's Investors Service, Inc. There have been no other significant changes in the Quantitative and Qualitative Disclosures About Market Risk described in our 2020 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (the "Evaluation") at a reasonable assurance level as of the last day of the period covered by this report.

Based upon the Evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. Disclosure controls and procedures are defined by Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") as controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended July 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no significant changes in the Risk Factors described in our 2020 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In April 2021, our Board of Directors increased the remaining share repurchase authorization under our existing share repurchase program to $2.0 billion. Purchases under the repurchase program may be made in the open market, through block trades, and other negotiated transactions. We expect to execute the share repurchase program primarily in open market transactions, subject to market conditions. There is no fixed termination date for the repurchase program, and the program may be suspended, discontinued, or accelerated at any time.

The following table contains information for shares of common stock repurchased and shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' stock-based compensation during the three fiscal months ended July 31, 2021:

(Dollars in Millions, Except per Share Data)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 2 - May 29, 2021	521,225	$57.84	503,364	$1,955
May 30 - July 3, 2021	2,697,721	54.26	2,676,770	1,810
July 4 - Jul 31, 2021	1,583,374	51.04	1,573,580	1,730
Total	4,802,320	$53.59	4,753,714	$1,730

Item 5. Other Information

On August 10, 2021, the Board of Directors of the Company approved and adopted the Amended and Restated Bylaws (the "Bylaws"), which became effective the same day, in order to, among other things, revise the period in which notices of nominations for elections of directors in connection with annual meetings may be given, to revise the information that must be provided in connection with such notices, to specify when that information must be updated, and to make certain conforming changes to the "proxy access" provisions of the Bylaw. The preceding summary of the amendments to the Bylaws is qualified in its entirety by reference to, and should be read in connection with, the complete copy of the Amended and Restated Bylaws filed herewith as Exhibits 3.1 (clean) and 3.2 (marked).

Item 6. Exhibits

Exhibit	Description
3.1	Amended and Restated Bylaws (clean version), incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated August 10, 2021.
3.2	Amended and Restated Bylaws (marked version), incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K dated August 10, 2021.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)

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, thereunto duly authorized.

	Kohl’s Corporation (Registrant)
Date: September 2, 2021	/s/ Jill Timm
	Jill Timm On behalf of the Registrant and as Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Gass, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kohl's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 2, 2021

/s/ Michelle Gass
Michelle Gass
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jill Timm, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kohl's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 2, 2021

/s/ Jill Timm

Jill Timm
Senior Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT
BY CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Gass, Chief Executive Officer of Kohl's Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. This Quarterly Report on Form 10-Q of the Company for the quarterly period ended July 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. That the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	September 2, 2021	/s/ Michelle Gass
		Michelle Gass
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT
BY CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jill Timm, Senior Executive Vice President, Chief Financial Officer of Kohl's Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. This Quarterly Report on Form 10-Q of the Company for the quarterly period ended July 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. That the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 2, 2021

/s/ Jill Timm
Jill Timm
Senior Executive Vice President, Chief Financial Officer
(Principal Financial Officer)