



# Q2 2024 EARNINGS CALL

NORDSTROM

# FORWARD-LOOKING STATEMENTS

This presentation contains statements that are forward looking. These statements are based upon current expectations and assumptions that are subject to risks and uncertainties. We may not achieve the results projected in these forward-looking statements, and our actual results could materially differ because of factors discussed in this event, in the comments made during this presentation, and in the risk factors section of our Form 10-K, Form 10-Q and other reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement to reflect subsequent events, new information or future circumstances.

Adjusted EBIT, adjusted EBIT margin and adjusted EPS are non-GAAP financial measures. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Reconciliations of these measures to the most directly comparable GAAP measures can be found in our earnings release.

**ERIK NORDSTROM**

**CHIEF EXECUTIVE OFFICER**



# SOLID Q2 RESULTS



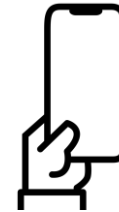
**Net sales of \$3.8B**

Up 3% vs Q2 '23



**Adjusted EPS  
of \$0.96<sup>1,2</sup>**

Compared to EPS  
of \$0.84 in Q2 '23



**Digital sales  
momentum**

Up 6% vs Q2 '23



**Successful  
Anniversary Sale**

<sup>1</sup>Adjusted EPS is a non-GAAP financial measure. Refer to the “Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin and Adjusted EPS (Non-GAAP Financial Measures)” page of the earnings release for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial results.

<sup>2</sup>Excludes impact from charge primarily related to supply chain asset impairment in Q2 '24.

# KEY 2024 PRIORITIES

Driving  
**Nordstrom banner growth**

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**Operational  
optimization**

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Building on  
**Rack momentum**



# DRIVING NORDSTROM BANNER GROWTH

- Compelling selection of new, relevant merchandise across entire Nordstrom store fleet
- Increasing selection across balance of price points, improving search and discovery, high in-stock rates on Nordstrom.com
- Positive early reads on Marketplace



# OPERATIONAL OPTIMIZATION



Ensuring consistent flow of merchandise to stores, driving regular price sales

Processing inbound merchandise and returns faster, enabling freshness

RFID providing insights to manage inventory and enhance customer experience

Leveraging existing supply chain network to serve customers efficiently

# BUILDING ON RACK MOMENTUM



Opened 11 new stores YTD,  
with 12 more openings planned  
for H2 '24

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NordstromRack.com delivering  
strong sales growth

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Great brands at great prices  
resonating with customers



# PETE NORDSTROM

PRESIDENT



# SUCCESSFUL ANNIVERSARY SALE



- 75% of Icon and Ambassador Nordy Club members shopped the sale
- Customers voted for newness and fall fashion; strength in beauty, active, Nordstrom private brands
- Hosted 900+ in-store events, with attendance tripling from '23

**ANNIVERSARY**  
**SALE**

- Our NYC flagship is our top store in sales YTD
- Opened 1<sup>st</sup> Icon Lounge to delight our highest tier Nordy Club members



# TOP PERFORMING CATEGORIES

## Active

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## Women's apparel

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## Beauty

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## Kids

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# HEALTH OF OUR INVENTORY

**Inventory increase  
supports our growth in  
Rack stores and  
NordstromRack.com**

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**Increase in newness,  
and decline in clearance  
and aged inventory,  
at both banners**

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**CATHY SMITH**

**CHIEF FINANCIAL OFFICER**



# Q2 TOPLINE RESULTS



## Total JWN

**3%↑**

increase in  
net sales

incl. ~100bps positive  
impact from Anniversary  
Sale timing shift

**2%↑**

increase in  
comp sales

**6%↑**

increase in digital sales  
incl. ~100bps positive impact from  
Anniversary Sale timing shift

## Nordstrom Banner

**1%↑**

increase in  
net sales

incl. ~200bps positive  
impact from Anniversary  
Sale timing shift

**1%↑**

increase in  
comp sales

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## Rack Banner

**9%↑**

increase in  
net sales

**4%↑**

increase in  
comp sales

# Q2 '24 RESULTS

	Actuals	Change
<i>Better / (Worse)</i>		vs Q2 '23
<b>NET SALES</b>	\$3.79B	3.4%
<b>GROSS PROFIT %</b>	36.6%	155bps
<b>SG&amp;A %</b>	34.4%	(160bps)
<b><i>Ex-Q2 '24 impairment<sup>1</sup></i></b>	33.0%	(20bps)
<b>EBIT %</b>	5.0%	(25bps)
<b>ADJUSTED EBIT %<sup>1,2</sup></b>	6.4%	115bps

<sup>1</sup>Excludes impact from Q2 '24 \$54M charge primarily related to supply chain asset impairment.

<sup>2</sup>Adjusted EBIT is a non-GAAP financial measure. Refer to the "Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin and Adjusted EPS" page of the earnings release for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.



# UPDATING OUR 2024 OUTLOOK

	Updated	Previous
<b>Revenue</b> <i>YoY growth (decline)<sup>1</sup></i>	(1%) to 1%	(2%) to 1%
<b>Comparable sales</b> <i>YoY growth (decline)<sup>2</sup></i>	~flat to 2%	(1%) to 2%
<b>EBIT</b> <b>Adjusted EBIT<sup>3</sup></b> <i>% of sales</i>	3.0% to 3.4% 3.6% to 4.0%	3.5% to 4.0%
<b>Income tax</b>	~27%	~27%
<b>Earnings per share</b> <b>Adjusted earnings per share<sup>3</sup></b> <i>Excluding share repurchases, if any</i>	\$1.40 to \$1.70 \$1.75 to \$2.05	\$1.65 to \$2.05

## Considerations

### Revenue

- (~135bps) unfavorable impact from 53<sup>rd</sup> week in FY23
- Expect typical quarterly cadence
- (~100bps) impact as Anniversary Sale shifted out of Q3 by 1 week

### SG&A

- Expect ~10bps in accelerated depreciation expense in each of Q3 and Q4

<sup>1</sup>Versus the 53-week fiscal 2023.

<sup>2</sup>Versus 52 weeks in fiscal 2023.

<sup>3</sup>Adjusted EBIT and Adjusted EPS are non-GAAP financial measures. Refer to the “Forward-Looking Non-GAAP Measures” page of the earnings release for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial results.

# OUR CAPITAL ALLOCATION PRIORITIES REMAIN UNCHANGED

1

## REINVEST IN THE BUSINESS

- CAPEX of 3% to 4% of net sales

2

## REDUCE LEVERAGE

- Targeting leverage ratio below 2.5x over time
- Through combination of earnings improvement and debt reduction
- Retired April '24 \$250M bond using cash on hand

3

## RETURN CASH TO SHAREHOLDERS

- Announced quarterly dividend of \$0.19 per share
- \$438M remaining on May '22 repurchase authorization

**We remain committed to a conservative approach to managing our balance sheet, balancing our need for continued operating flexibility with our financial policy goals**



Q&A

NORDSTROM

