



# Q1 2022 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.

**ERIK NORDSTROM**

**CHIEF EXECUTIVE OFFICER**



# WELL-POSITIONED TO SERVE CUSTOMERS FOR OCCASIONS AND CLOSET REFRESHES



## Total JWN

**19% ↑**

increase in sales

**20% ↑**

increase in GMV

## Nordstrom Banner

**23% ↑**

increase in sales

**25% ↑**

increase in GMV

# BROAD-BASED GROWTH



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**Urban stores**  
rebounded to pre-pandemic levels<sup>1</sup>



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**NYC flagship**  
was top-performing  
Nordstrom store



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**North-South**  
spread reduced to 3%,  
down from 7% in Q4<sup>1,2</sup>

<sup>1</sup> Nordstrom banner U.S. <sup>2</sup> Q1 '22 and Q4 '21 as compared to respective periods in FY19

# AREAS OF FOCUS

## Improving Nordstrom Rack Performance

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NORDSTROM  
**rack**

**10% ↑**  
sales growth in Q1

## Increasing Profitability

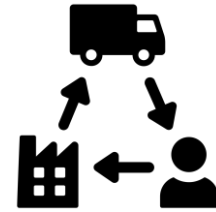
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**Improvements**  
in both merchandise margin  
and SG&A

## Optimizing Supply Chain & Inventory Flow

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**Work underway**  
to drive topline growth  
and efficiencies in labor  
and fulfillment



# MARKET STRATEGY



**4x**

product available for  
next-day pickup

**1 day**

faster average shipping  
time

**10%**

of N.com demand was  
picked up in stores during  
Q1, up 200bps vs '21

**60+**

Rack stores launching  
next-day pickup  
capabilities in Q2

# ADVANCING OUR PERSONAL STYLING PROGRAM



**70%**

of customers interested in styling services

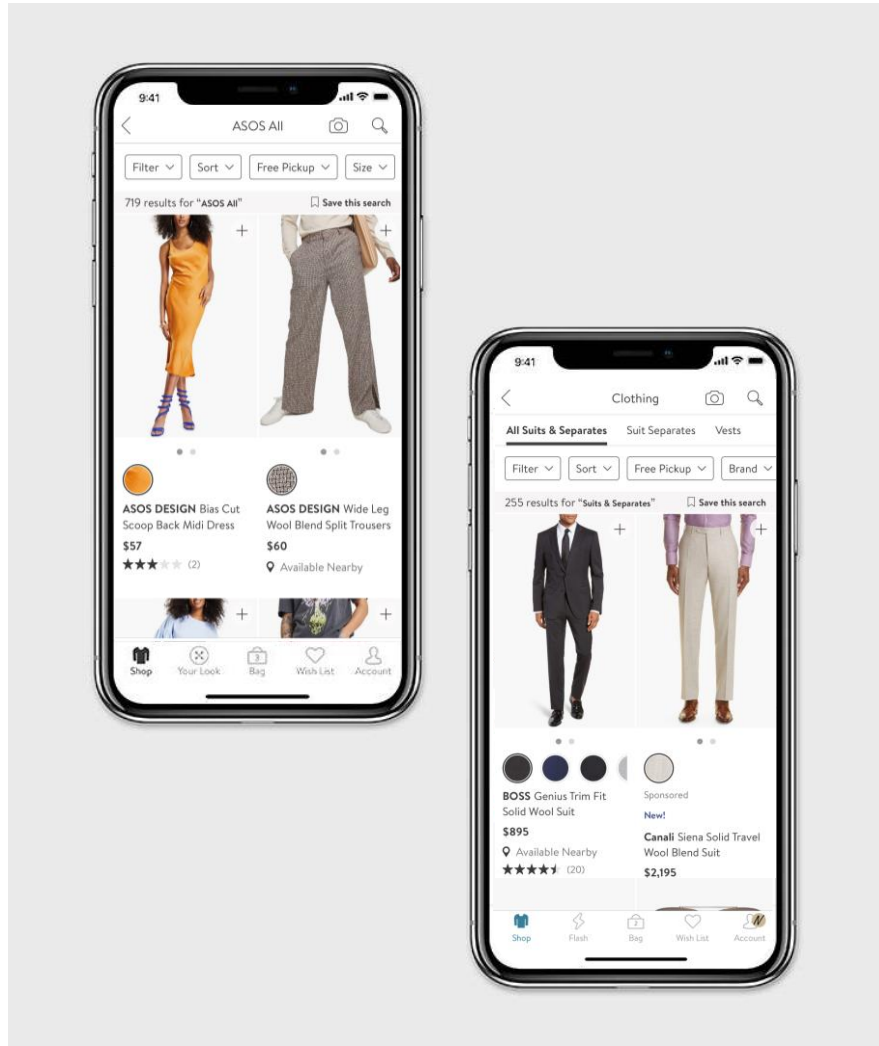
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**+7x**

customer spend when engaging with a stylist  
vs the average Nordstrom customer



# ADVANCING OUR DIGITAL CAPABILITIES



**39%**  
digital penetration

**Flat**  
digital sales vs '21

**Important**  
part of in-store  
experience

**Delivering**  
personalization at scale

# PETE NORDSTROM

PRESIDENT & CHIEF BRAND OFFICER



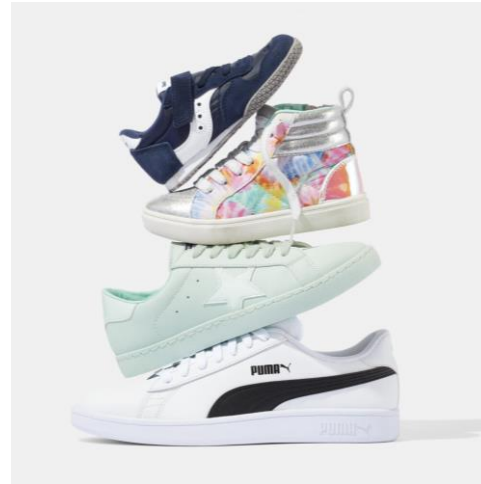
# DOUBLE-DIGIT GROWTH IN CORE CATEGORIES

## Strength in Men's and Women's Apparel



Driven by suiting and dresses

## Growth in Shoes



Across formal, casual and athletic styles

## Continued strong growth in Designer



Across all categories

# IMPROVING MERCHANDISE MARGINS

## Used advanced analytics to:



Better understand customer needs



Improve assortment



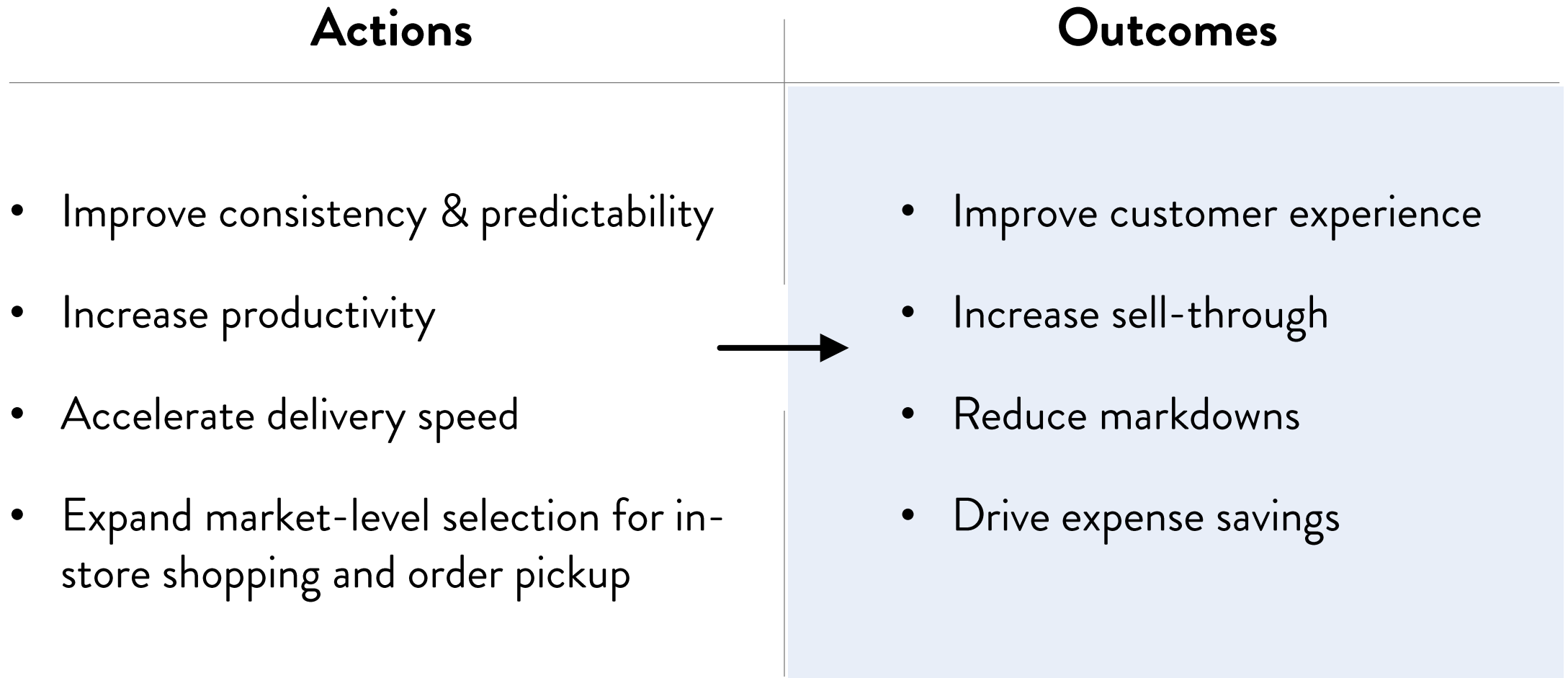
Optimize markdowns



Inform price increases



# SUPPLY CHAIN INITIATIVES





# EVOLVING OUR MERCHANDISING APPROACH



**12%**

Nordstrom banner GMV from  
alternative partnership models

**New launches**

with ASOS and Allbirds

**Record high**

choice count



# UPCOMING ANNIVERSARY SALE

- Data science and consumer insights optimizing event
- Focusing on new and highly coveted brands
- Bringing back in-store events
- Launching new digital catalog
- Providing a unique experience for loyal customers while introducing new customers to Nordstrom

**ANNIVERSARY SALE**



**ANNE BRAMMAN**

**CHIEF FINANCIAL OFFICER**



# Q1 '22 RESULTS

	Actuals	Change
<i>Better / (Worse)</i>		vs Q1 '21
<b>NET SALES</b>	\$3.47B	18.7%
<b>GROSS PROFIT %</b>	32.8%	~190 bps
<b>SG&amp;A %</b>	33.6%	~320 bps
<b>EBIT %</b>	2.1%	NM <sup>1</sup>
<b>ADJUSTED EBIT %<sup>2</sup></b>	0.9%	NM <sup>1</sup>

<sup>1</sup> NM = not meaningful <sup>2</sup> Adjusted EBIT is a non-GAAP financial measure. Refer to the “Adjusted EBIT (Non-GAAP Measure)” slide of this presentation for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial results.

# 2022 OUTLOOK

	FY22
<b>Revenue</b> <i>YoY growth</i>	6% to 8%
<b>EBIT</b> <b>Adjusted EBIT<sup>1</sup></b> <i>% of sales</i>	5.8% to 6.2% 5.6% to 6.0%
<b>Income tax</b>	~27%
<b>Earnings per share</b> <b>Adjusted earnings per share<sup>1</sup></b> <i>Excluding share repurchases, if any</i>	\$3.38 to \$3.68 \$3.20 to \$3.50
<b>Leverage ratio</b>	~2.5x

## Considerations

### FY22

- Reflects Q1 topline performance exceeding expectations, while holding rest of year assumptions consistent with previous guidance

### Q2 Expectations

- Revenue growth approximately half that of Q1
- EBIT margin approaching 2019 levels
- Tax rate roughly in line with FY22 rate

<sup>1</sup> Adjusted EBIT and Adjusted EPS are non-GAAP financial measures. Refer to the “Forward-Looking Non-GAAP Measures” slide of this presentation for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial outlook.

# OUR CAPITAL ALLOCATION PRIORITIES

1

## REINVEST IN THE BUSINESS

- CAPEX of 3% to 4% of sales
- Investments primarily in supply chain and technology capabilities

2

## REDUCE LEVERAGE

- Targeting leverage ratio of ~2.5x by end of FY22

3

## RETURN CASH TO SHAREHOLDERS

- Resumed quarterly dividend
- Announced \$500M share repurchase authorization

**We remain committed to an investment grade credit rating**





**Q & A**

**NORDSTROM**



**NORDSTROM**



# ADJUSTED EBIT (NON-GAAP MEASURE)

	Quarter ended April 30, 2022	
	\$M	% of Sales
Net sales	\$3,467	
Net earnings	\$20	0.6%
Income tax expense	18	
Interest expense	35	
EBIT	\$73	2.1%
Gain on sale of interest in corporate office building	(51)	
Trunk Club property impairment	10	
Adjusted EBIT	\$32	0.9%

# FORWARD-LOOKING NON-GAAP MEASURES

	Year ended January 28, 2023	
	<i>Low</i>	<i>High</i>
Expected net earnings as a % of net sales	3.6%	3.9%
Income tax expense	1.3%	1.4%
Interest expense, net	0.9%	0.9%
Expected EBIT as a % of net sales	5.8%	6.2%
Gain on sale of interest in corporate office building	(0.3%)	(0.3%)
Trunk Club property impairment	0.1%	0.1%
Expected adjusted EBIT margin	5.6%	6.0%
Expected EPS	\$3.38	\$3.68
Gain on sale of interest in corporate office building	(0.31)	(0.31)
Trunk Club property impairment	0.06	0.06
Income tax impact on adjustments	0.07	0.07
Expected adjusted EPS	\$3.20	\$3.50