UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended October 29, 2022

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: 001-15059

NORDSTROM

Nordstrom, Inc.
(Exact name of registrant as specified in its charter)

Washington	**91-0515058**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1617 Sixth Avenue, Seattle, Washington 98101
(Address of principal executive offices)

206-628-2111
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, without par value	JWN	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 provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Common stock outstanding as of November 25, 2022: 160,081,323 shares

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements regarding matters that are not historical facts, and are based on our management's beliefs and assumptions and on information currently available to our management. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. In some cases, forward-looking statements can be identified by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential," "pursue," "going forward" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, our anticipated financial outlook for the fiscal year ending January 28, 2023, trends in our operations and the following:

Strategic and Operational

- COVID-19, which may make it necessary to close our physical stores and facilities in affected areas, may have a negative impact on our business and results and may exacerbate the risks below,
- successful execution of our customer strategy to provide customers superior service, products and experiences online, through our fulfillment capabilities and in stores,
- timely and effective implementation and execution of our evolving business model, including:
  - winning at our market strategy by providing a differentiated and seamless experience, which consists of the integration of our digital and physical assets, development of new supply chain capabilities and timely delivery of products,
  - broadening the reach of Nordstrom Rack, including balancing our price range and selection and leveraging our digital and physical assets,
  - enhancing our platforms and processes to deliver core capabilities to drive customer, employee and partner experiences both digitally and in-store,
- our ability to effectively manage our merchandise strategy, including our ability to offer compelling assortments and optimize our inventory to ensure we have the right product mix in each of our channels and locations, allowing us to get closer to our customers,
- our ability to effectively allocate and scale our marketing strategies and resources, as well as realize the expected benefits between The Nordy Club, advertising and promotional campaigns,
- our ability to respond to the evolving retail environment, including new fashion trends, environmental considerations and our customers' changing expectations of service and experience in stores and online, and our development of new market strategies and customer offerings,
- our ability to mitigate the effects of disruptions in the global supply chain, including factory closures, transportation challenges or stoppages of certain imports, and rising prices of raw materials and freight expenses,
- our ability to control costs through effective inventory management, fulfillment and supply chain processes and systems,
- our ability to acquire, develop and retain qualified and diverse talent by providing appropriate training, compelling work environments and competitive compensation and benefits, especially in areas with increased market compensation, all in the context of any labor shortage and competition for talent,
- our ability to realize expected benefits, anticipate and respond to potential risks and appropriately manage costs associated with our credit card revenue sharing program,
- potential goodwill impairment charges, future impairment charges, fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames or if our strategic direction changes,

Data, Cybersecurity and Information Technology

- successful execution of our information technology strategy, including engagement with third-party service providers,
- the impact of any system or network failures, cybersecurity and/or security breaches, including any security breach of our systems or those of a third-party provider that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information, or that results in the interruption of business processes or causes financial loss, and our compliance with information security and privacy laws and regulations, as well as third-party contractual obligations in the event of such an incident,

Reputation and Relationships

- our ability to maintain our reputation and relationships with our customers, employees, vendors and third-party partners and landlords,
- our ability to act responsibly and with transparency with respect to our corporate social responsibility practices and initiatives, and meet any communicated targets, goals or milestones,
- our ability to market our brand and distribute our products through a variety of third-party publisher or platform channels, as well as access mobile operating system and website identifiers for personalized delivery of targeted advertising,

Investment and Capital

- efficient and proper allocation of our capital resources,
- our ability to properly balance our investments in technology, Supply Chain Network facilities and existing and new store locations, including the expansion of our market strategy,
- our ability to maintain or expand our presence, including timely completion of construction associated with Supply Chain Network facilities and new, relocated and remodeled stores, as well as any potential store closures, all of which may be impacted by third parties, consumer demand and other natural or man-made disruptions, and government responses to any such disruptions,
- market fluctuations, increases in operating costs, exit costs and overall liabilities and losses associated with owning and leasing real estate,
- compliance with debt and operating covenants, availability and cost of credit, changes in our credit rating and changes in interest rates,
- the actual timing, price, manner and amounts of future share repurchases, dividend payments or share issuances, if any, subject to the discretion of our Board of Directors, contractual commitments, market and economic conditions and applicable SEC rules,

Economic and External

- the length and severity of epidemics or pandemics, such as the COVID-19 pandemic, or other catastrophic events, and the related impact on customer behavior, store and online operations and supply chain functions, as well as our future consolidated financial position, results of operations and cash flows,
- the impact of the seasonal nature of our business and cyclical customer spending,
- the impact of economic and market conditions in the U.S. and Canada, including inflation and measures to control inflation, and resulting changes to customer purchasing behavior, unemployment and bankruptcy rates, as well as any fiscal stimulus, or the cessation of any fiscal stimulus and the resulting impact on consumer spending and credit patterns,
- the impact of economic, environmental or political conditions,
- the impact of changing traffic patterns at shopping centers and malls,
- financial insecurity or potential insolvency experienced by our vendors, suppliers, developers, landlords, competitors or customers as a result of any economic downturn,
- weather conditions, natural disasters, climate change, national security concerns, global conflicts, civil unrest, other market and supply chain disruptions, the effects of tariffs, or the prospects of these events, and the resulting impact on consumer spending patterns or information technology systems and communications,

Legal and Regulatory

- our, and our vendors', compliance with applicable domestic and international laws, regulations and ethical standards, including those related to COVID-19, minimum wage, employment and tax, information security and privacy, consumer credit and environmental regulations and the outcome of any claims, litigation and regulatory investigations and resolution of such matters,
- the impact of the current regulatory environment, financial system and tax reforms,
- the impact of changes in accounting rules and regulations, changes in our interpretation of the rules or regulations or changes in underlying assumptions, estimates or judgments.

These and other factors, including those factors we discussed in Part II, Item 1A. Risk Factors, could affect our financial results and cause our actual results to differ materially from any forward-looking information we may provide. Given these risks, uncertainties and other factors, undue reliance should not be placed on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing, and these estimates and assumptions may prove to be incorrect. This Quarterly Report on Form 10-Q should be read completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

All references to "we," "us," "our" or the "Company" mean Nordstrom, Inc. and its subsidiaries.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the filing date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

DEFINITIONS OF COMMONLY USED TERMS

Term	Definition
2019 Plan	2019 Equity Incentive Plan
2021 Annual Report	Annual Report on Form 10-K filed on March 11, 2022
Adjusted EPS	Adjusted earnings (loss) per diluted share (a non-GAAP financial measure)
Adjusted ROIC	Adjusted return on invested capital (a non-GAAP financial measure)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CARES Act	Coronavirus Aid, Relief and Economic Security Act
CODM	Chief operating decision maker
COVID-19	Novel coronavirus
Digital sales	Sales conducted through a digital platform such as our websites or mobile apps. Digital sales may be self-guided by the customer, as in a traditional online order, or facilitated by a salesperson using a virtual styling or selling tool. Digital sales may be delivered to the customer or picked up in our Nordstrom stores, Nordstrom Rack stores or Nordstrom Local service hubs. Digital sales also includes a reserve for estimated returns.
EBIT	Earnings (loss) before interest and income taxes
EBITDA	Earnings (loss) before interest, income taxes, depreciation and amortization
EBITDAR	Earnings (loss) before interest, income taxes, depreciation, amortization and rent, as defined by our Revolver covenant
EPS	Earnings (loss) per share
ESPP	Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Third quarter of 2022	13 fiscal weeks ending October 29, 2022
Third quarter of 2021	13 fiscal weeks ending October 30, 2021
Fiscal year 2022	52 fiscal weeks ending January 28, 2023
GAAP	U.S. generally accepted accounting principles
GMV	Gross merchandise value
Gross profit	Net sales less cost of sales and related buying and occupancy costs
Leverage Ratio	The sum of our funded debt and operating lease liabilities divided by the preceding twelve months of Adjusted EBITDAR as defined by our Revolver covenant
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Nordstrom	Nordstrom.com, Nordstrom-branded U.S. stores, Canada, which includes Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, Nordstrom Local, ASOS | Nordstrom and, prior to October 2022, TrunkClub.com.
Nordstrom Local	Nordstrom Local service hubs, which offer order pickups, returns, alterations and other services
Nordstrom Rack	NordstromRack.com, Nordstrom Rack-branded U.S. stores and Last Chance clearance stores
The Nordy Club	Our customer loyalty program
NYSE	New York Stock Exchange
Operating Lease Cost	Fixed rent expense, including fixed common area maintenance expense, net of developer reimbursement amortization
PCAOB	Public Company Accounting Oversight Board (United States)
Property incentives	Developer and vendor reimbursements
PSU	Performance share unit
Revolver	Senior revolving credit facility
Rights Plan	Our limited-duration Shareholder Rights Agreement adopted by the Board of Directors in September 2022
ROU asset	Operating lease right-of-use asset
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SERP	Unfunded defined benefit Supplemental Executive Retirement Plan
Secured Notes	8.750% senior secured notes due May 2025
SG&A	Selling, general and administrative
Supply Chain Network	Fulfillment centers that primarily process and ship orders to our customers, distribution centers that primarily process and ship merchandise to our stores and other facilities and omni-channel centers that both fulfill customer orders and ship merchandise to our stores
TD	Toronto-Dominion Bank, N.A.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net sales	**$3,433**	$3,534	**$10,891**	$10,020
Credit card revenues, net	**113**	103	**320**	283
Total revenues	**3,546**	3,637	**11,211**	10,303
Cost of sales and related buying and occupancy costs	**(2,294)**	(2,294)	**(7,211)**	(6,646)
Selling, general and administrative expenses	**(1,249)**	(1,216)	**(3,722)**	(3,464)
Earnings before interest and income taxes	**3**	127	**278**	193
Interest expense, net	**(32)**	(36)	**(101)**	(213)
(Loss) earnings before income taxes	**(29)**	91	**177**	(20)
Income tax benefit (expense)	**9**	(27)	**(51)**	(2)
Net (loss) earnings	**($20)**	$64	**$126**	($22)
(Loss) earnings per share:				
Basic	**($0.13)**	$0.40	**$0.79**	($0.14)
Diluted	**($0.13)**	$0.39	**$0.77**	($0.14)
Weighted-average shares outstanding:				
Basic	**159.5**	159.2	**160.1**	158.9
Diluted	**159.5**	162.5	**162.3**	158.9

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Amounts in millions)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net (loss) earnings	**($20)**	$64	**$126**	($22)
Foreign currency translation adjustment	**(10)**	1	**(11)**	7
Post retirement plan adjustments, net of tax	**1**	2	**2**	5
Comprehensive net (loss) earnings	**($29)**	$67	**$117**	($10)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions)
(Unaudited)

	October 29, 2022	January 29, 2022	October 30, 2021
Assets			
Current assets:			
Cash and cash equivalents	**$293**	$322	$267
Accounts receivable, net	**288**	255	273
Merchandise inventories	**2,878**	2,289	2,863
Prepaid expenses and other	**348**	306	374
Total current assets	**3,807**	3,172	3,777
Land, property and equipment (net of accumulated depreciation of $8,135, $7,737 and $7,617)	**3,373**	3,562	3,558
Operating lease right-of-use assets	**1,490**	1,496	1,527
Goodwill	**249**	249	249
Other assets	**476**	390	423
Total assets	**$9,395**	$8,869	$9,534
Liabilities and Shareholders' Equity			
Current liabilities:			
Borrowings under revolving line of credit	**$100**	$—	$200
Accounts payable	**2,073**	1,529	2,310
Accrued salaries, wages and related benefits	**242**	383	276
Current portion of operating lease liabilities	**256**	242	240
Other current liabilities	**1,168**	1,160	1,063
Total current liabilities	**3,839**	3,314	4,089
Long-term debt, net	**2,855**	2,853	2,851
Non-current operating lease liabilities	**1,544**	1,556	1,602
Other liabilities	**551**	565	633
Commitments and contingencies			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 159.7, 159.4 and 159.3 shares issued and outstanding	**3,334**	3,283	3,269
Accumulated deficit	**(2,669)**	(2,652)	(2,852)
Accumulated other comprehensive loss	**(59)**	(50)	(58)
Total shareholders' equity	**606**	581	359
Total liabilities and shareholders' equity	**$9,395**	$8,869	$9,534

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Common stock				
Balance, beginning of period	**$3,314**	$3,245	**$3,283**	$3,205
Issuance of common stock under stock compensation plans	**9**	7	**18**	14
Stock-based compensation	**11**	17	**33**	50
Balance, end of period	**$3,334**	$3,269	**$3,334**	$3,269
Accumulated deficit				
Balance, beginning of period	**($2,601)**	($2,916)	**($2,652)**	($2,830)
Net (loss) earnings	**(20)**	64	**126**	(22)
Dividends	**(30)**	—	**(90)**	—
Repurchase of common stock	**(18)**	—	**(53)**	—
Balance, end of period	**($2,669)**	($2,852)	**($2,669)**	($2,852)
Accumulated other comprehensive loss				
Balance, beginning of period	**($50)**	($61)	**($50)**	($70)
Other comprehensive (loss) income	**(9)**	3	**(9)**	12
Balance, end of period	**($59)**	($58)	**($59)**	($58)
Total shareholders' equity	**$606**	$359	**$606**	$359
Dividends per share	**$0.19**	—	**$0.57**	—

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	Nine Months Ended	
	October 29, 2022	**October 30, 2021**
Operating Activities		
Net earnings (loss)	**$126**	($22)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expenses	**453**	477
Right-of-use asset amortization	**141**	130
Asset impairment	**80**	—
Deferred income taxes, net	**(85)**	25
Stock-based compensation expense	**50**	64
Other, net	**(53)**	81
Change in operating assets and liabilities:		
Accounts receivable, net	**(6)**	(27)
Merchandise inventories	**(550)**	(687)
Prepaid expenses and other assets	**(55)**	408
Accounts payable	**469**	90
Accrued salaries, wages and related benefits	**(142)**	(76)
Other current liabilities	**10**	15
Lease liabilities	**(201)**	(218)
Other liabilities	**3**	17
Net cash provided by operating activities	**240**	277
Investing Activities		
Capital expenditures	**(325)**	(361)
Proceeds from the sale of assets and other, net	**82**	(17)
Net cash used in investing activities	**(243)**	(378)
Financing Activities		
Proceeds from revolving line of credit	**100**	400
Payments on revolving line of credit	**—**	(200)
Proceeds from long-term borrowings	**—**	675
Principal payments on long-term borrowings	**—**	(1,100)
Change in cash book overdrafts	**21**	(4)
Cash dividends paid	**(90)**	—
Payments for repurchase of common stock	**(53)**	—
Proceeds from issuances under stock compensation plans	**18**	14
Tax withholding on share-based awards	**(15)**	(15)
Make-whole premium payment and other, net	**(4)**	(85)
Net cash used in financing activities	**(23)**	(315)
Effect of exchange rate changes on cash and cash equivalents	**(3)**	2
Net decrease in cash and cash equivalents	**(29)**	(414)
Cash and cash equivalents at beginning of period	**322**	681
Cash and cash equivalents at end of period	**$293**	$267
Supplemental Cash Flow Information		
Cash paid (received) during the period for:		
Income taxes, net	**$161**	($486)
Interest, net of capitalized interest	**108**	136

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 1: BASIS OF PRESENTATION
The Condensed Consolidated Financial Statements include the balances of Nordstrom, Inc. and its subsidiaries. All intercompany transactions and balances are eliminated in consolidation. The interim Condensed Consolidated Financial Statements have been prepared on a basis consistent in all material respects with the accounting policies described and applied in our 2021 Annual Report and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position and cash flows for the periods presented.

The Condensed Consolidated Financial Statements as of and for the periods ended October 29, 2022 and October 30, 2021 are unaudited. The Condensed Consolidated Balance Sheet as of January 29, 2022 has been derived from the audited Consolidated Financial Statements included in our 2021 Annual Report. The interim Condensed Consolidated Financial Statements should be read together with the Consolidated Financial Statements and related footnote disclosures contained in our 2021 Annual Report.

Seasonality
Our business, like that of other retailers, is subject to seasonal fluctuations and cyclical trends in consumer spending. Our sales are typically higher in our second quarter, which usually includes most of our Anniversary Sale, and in the fourth quarter due to the holidays. Approximately one week of our Anniversary Sale shifted from the third quarter in 2021 to the second quarter in 2022.

Results for any one quarter are not indicative of the results that may be achieved for a full fiscal year. We plan our merchandise purchases and receipts to coincide with expected sales trends. For instance, our merchandise purchases and receipts increase prior to the Anniversary Sale and in the fall as we prepare for the holiday shopping season in November through December. Consistent with our seasonal fluctuations, our working capital requirements have historically increased during the months leading up to the Anniversary Sale and the holidays as we purchase inventory in anticipation of increased sales.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires that we make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities during the reporting period. Uncertainties regarding such estimates and assumptions are inherent in the preparation of financial statements and actual results may differ from these estimates and assumptions. Our most significant accounting judgments and estimates include revenue recognition, inventory valuation, long-lived asset recoverability and income taxes, all of which involve assumptions about future events. We may be unable to accurately predict changes in economic conditions going forward and as a result our estimates may change in the near term.

Leases
We incurred operating lease liabilities arising from lease agreements of $212 for the nine months ended October 29, 2022 and $108 for the nine months ended October 30, 2021.

Supply Chain Impairment
During the third quarter of 2022, as part of our supply chain optimization initiatives, we decommissioned certain supply chain technology and related assets and incurred a non-cash impairment charge of $70. This included $58 on long-lived tangible assets and $12 on ROU assets to adjust the carrying values to their estimated fair values. These charges are included in our Corporate/Other SG&A expense on the Condensed Consolidated Statement of Earnings and asset impairment on the Condensed Consolidated Statement of Cash Flows. We evaluated the assets for impairment by comparing the carrying values to the related projected future cash flows, among other quantitative and qualitative analyses. After impairment, the carrying values of the remaining long-lived tangible and ROU assets were not material.

Trunk Club Wind-down
During the first quarter of 2022, in conjunction with the decision to sunset the Trunk Club brand, we incurred non-cash impairment charges of $10 related to a Trunk Club property to adjust the carrying values to their estimated fair value. These charges are included in our Retail segment SG&A expense on the Condensed Consolidated Statement of Earnings and asset impairment on the Condensed Consolidated Statement of Cash Flows.

During the second quarter of 2022, we incurred additional costs of $8 associated with the wind-down of Trunk Club. These expenses are primarily included in our Retail segment cost of sales and related buying and occupancy costs on the Condensed Consolidated Statement of Earnings. These charges are classified as operating on the Condensed Consolidated Statement of Cash Flows.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Investments
In July 2021, we acquired a minority interest in the Topshop, Topman, Miss Selfridge and HIIT brands through a strategic partnership with ASOS.com Ltd. From time to time, we invest in financial interests of private companies that align with our business and omni-channel strategies, which are recorded in other assets in the Condensed Consolidated Balance Sheets and proceeds from the sale of assets and other, net on the Condensed Consolidated Statements of Cash Flows.

During the first quarter of 2022, in connection with the sale of a limited partnership interest in a corporate office building, we recognized a gain of $51 in our Corporate/Other SG&A expense in the Condensed Consolidated Statement of Earnings and $73 in proceeds from the sale of assets and other, net on the Condensed Consolidated Statement of Cash Flows.

Subsequent Event
In November 2022, we amended our program agreement with TD. We receive credit card revenue through this agreement, whereby TD is the exclusive issuer of our consumer credit cards and we perform account servicing functions. The original agreement was scheduled to expire in April 2024 and the amendment extends the term through September 2026.

NOTE 2: REVENUE

Contract Liabilities
Contract liabilities represent our obligation to transfer goods or services to customers and include deferred revenue for The Nordy Club (including points and Nordstrom Notes) and gift cards. Our contract liabilities are classified as current on the Condensed Consolidated Balance Sheets and are as follows:

	Contract Liabilities
Balance as of January 30, 2021	$478
Balance as of May 1, 2021	436
Balance as of July 31, 2021	433
Balance as of October 30, 2021	417
Balance as of January 29, 2022	478
Balance as of April 30, 2022	442
Balance as of July 30, 2022	438
Balance as of October 29, 2022	430

Revenues recognized from our beginning contract liability balance were $100 and $232 for the quarter and nine months ended October 29, 2022 and $106 and $212 for the quarter and nine months ended October 30, 2021.

Disaggregation of Revenue
The following table summarizes our disaggregated net sales:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Nordstrom	**$2,264**	$2,343	**$7,324**	$6,614
Nordstrom Rack	**1,169**	1,191	**3,567**	3,406
Total net sales	**$3,433**	$3,534	**$10,891**	$10,020
Digital sales as a % of total net sales	**34 %**	40 %	**37 %**	42 %

(Dollar and share amounts in millions except per share, per option and per unit amounts)

The following table summarizes the percent of net sales by merchandise category:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Women's Apparel	**29 %**	29 %	**29 %**	30 %
Shoes	**27 %**	26 %	**26 %**	25 %
Men's Apparel	**15 %**	14 %	**15 %**	14 %
Women's Accessories	**11 %**	12 %	**12 %**	13 %
Beauty	**11 %**	12 %	**11 %**	11 %
Kids' Apparel	**4 %**	4 %	**4 %**	4 %
Other	**3 %**	3 %	**3 %**	3 %
Total net sales	**100 %**	100 %	**100 %**	100 %

NOTE 3: DEBT AND CREDIT FACILITIES

Debt

During the first quarter of 2021, we issued $250 aggregate principal amount of 2.30% senior notes due April 2024 and $425 aggregate principal amount of 4.25% senior notes due August 2031. With the net proceeds of these new notes, together with cash on hand, we retired our $600 Secured Notes. We recorded $88 related to the redemption in interest expense, net, which primarily consisted of a one-time payment of $78 for a "make-whole" premium, and the write-off of unamortized balances associated with the debt discount and issuance costs. The "make-whole" premium payment was not included in cash paid during the period for interest, net of capitalized interest in the Supplemental Cash Flow Information.

During the second quarter of 2021, we retired our 4.00% senior notes that were due October 2021 using cash on hand.

Credit Facilities

During the second quarter of 2022, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new $800 Revolver that expires in May 2027. Consistent with our prior revolving credit agreement, any outstanding borrowings under the Revolver are secured by substantially all our personal and intellectual property assets and are guaranteed by certain of our subsidiaries. Under the Revolver, our obligation to secure any outstanding borrowings will be eliminated if no default exists and we either have an unsecured investment-grade debt rating from two of three specified ratings agencies, or we have one investment-grade rating and achieve two consecutive fiscal quarters with a Leverage Ratio of less than 2.5 times.

Under the Revolver, we have two financial covenant tests that need to be met on a quarterly basis: a Leverage Ratio that is less than or equal to 4 times and a fixed charge coverage ratio that is greater than or equal to 1.25 times. As of October 29, 2022, we were in compliance with all covenants.

The Revolver provides us with additional flexibility, compared with our prior revolving credit facility, for dividends and share repurchases, provided we are not in default, and no default would arise as a result of such payments. If the pro-forma Leverage Ratio after such payments is less than 3 times, then such payments are unlimited. If the pro-forma Leverage Ratio is greater than or equal to 3 times but less than 3.5 times then we are limited to $100 per fiscal quarter and if the pro-forma Leverage Ratio is greater than or equal to 3.5 times then the limit is $60 per fiscal quarter.

The Revolver contains customary representations, warranties, covenants and terms, including paying a variable rate of interest and a facility fee based on our debt rating, and is available for working capital, capital expenditures and general corporate purposes. Provided that we obtain written consent from the lenders, we have the option to increase the Revolver by up to $200, to a total of $1,000, and two options to extend the Revolver for additional one-year terms. During the third quarter of 2022, we borrowed $100 under our Revolver, which remained outstanding as of October 29, 2022 and is classified in total current liabilities on the Condensed Consolidated Balance Sheets. In November 2022, subsequent to quarter end, we repaid the outstanding balance on our Revolver.

(Dollar and share amounts in millions except per share, per option and per unit amounts)

Our $800 commercial paper program allows us to use the proceeds to fund operating cash requirements. Under the terms of the commercial paper agreement, we pay a rate of interest based on, among other factors, the maturity of the issuance and market conditions. The issuance of commercial paper has the effect of reducing available liquidity under the Revolver by an amount equal to the principal amount of commercial paper outstanding. Conversely, borrowings under our Revolver have the effect of reducing the available capacity of our commercial paper program by an amount equal to the amount outstanding. As of October 29, 2022, we had no issuances outstanding under our commercial paper program.

NOTE 4: FAIR VALUE MEASUREMENTS

We disclose our financial assets and liabilities that are measured at fair value in our Condensed Consolidated Balance Sheets by level within the fair value hierarchy as defined by applicable accounting standards:

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Other observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3: Unobservable inputs that cannot be corroborated by market data that reflect the reporting entity’s own assumptions

Financial Instruments Measured at Carrying Value

Financial instruments measured at carrying value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable and our Revolver, which approximate fair value due to their short-term nature.

Long-term debt is recorded at carrying value. If long-term debt was measured at fair value, we would use quoted market prices of the same or similar issues, which is considered a Level 2 fair value measurement. The following table summarizes the carrying value and fair value estimate of our long-term debt, including current maturities:

	October 29, 2022	**January 29, 2022**	**October 30, 2021**
Carrying value of long-term debt	**$2,855**	$2,853	$2,851
Fair value of long-term debt	**2,224**	2,758	2,992

Non-financial Assets Measured at Fair Value on a Nonrecurring Basis

We also measure certain non-financial assets at fair value on a nonrecurring basis, primarily goodwill, long-lived tangible and ROU assets, in connection with periodic evaluations for potential impairment. We estimate the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements. For more information regarding long-lived tangible asset impairment charges for the nine months ended October 29, 2022, see Note 1: Basis of Presentation. There were no material impairment charges for these assets for the nine months ended October 30, 2021.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 5: STOCK-BASED COMPENSATION

The following table summarizes our stock-based compensation expense:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
RSUs	**$10**	$12	**$32**	$41
Stock options	**1**	5	**12**	19
Other[1]	**1**	1	**6**	4
Total stock-based compensation expense, before income tax benefit	**12**	18	**50**	64
Income tax benefit	**(3)**	(5)	**(12)**	(17)
Total stock-based compensation expense, net of income tax benefit	**$9**	$13	**$38**	$47

[1] Other stock-based compensation expense includes PSUs, nonemployee director stock awards and ESPP awards.

The following table summarizes our grant allocations:

	Nine Months Ended			
	October 29, 2022		October 30, 2021	
	Granted	Weighted-average grant-date fair value per unit	Granted	Weighted-average grant-date fair value per unit
RSUs	**2.9**	**$22**	1.7	$32
Stock options	**1.1**	**$10**	1.2	$13
PSUs	**0.5**	**$23**	—	—

Under our deferred and stock-based compensation plan arrangements, we issued 0.7 and 2.6 shares of common stock during the quarter and nine months ended October 29, 2022 and 0.4 and 1.6 shares during the quarter and nine months ended October 30, 2021.

NOTE 6: SHAREHOLDERS' EQUITY

Share Repurchases

In May 2022, our Board of Directors authorized a program to repurchase up to $500 of our outstanding common stock, with no expiration date. This new program replaced the August 2018 program, which had no expiration date and $707 remaining in repurchase capacity at termination. Our share repurchases are summarized as follows:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Shares of common stock repurchased	**0.8**	**—**	**2.3**	**—**
Average price paid per share	**$22.52**	**—**	**$22.95**	**—**
Aggregate amount of common stock repurchased	**$18**	**—**	**$53**	**—**

We had $447 remaining in share repurchase capacity as of October 29, 2022.

Dividends

In November 2022, subsequent to quarter end, we declared a quarterly dividend of $0.19 per share, which will be paid on December 14, 2022 to shareholders of record at the close of business on November 29, 2022.

We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement (see Note 3: Debt and Credit Facilities).

Rights Plan

In September 2022, our Board of Directors approved a shareholder rights agreement and declared a dividend of one right for each outstanding share of Nordstrom common stock to shareholders of record on September 30, 2022. Each right entitles holders to purchase one newly issued share of Nordstrom common stock at an exercise price of $94 per right, subject to adjustment. Initially, the rights will not be exercisable and will trade with our shares of common stock.

(Dollar and share amounts in millions except per share, per option and per unit amounts)

In general, the rights become exercisable following a public announcement that a person acquires 10% or more of the outstanding shares of Nordstrom common stock. If the rights are exercised, each holder (except the acquiring person) will have the right to receive common stock equal to two times the exercise price of the right. The Company may redeem the rights for $0.001 per right anytime prior to the rights becoming exercisable. The agreement also provides for exceptions and additional terms for other certain situations and circumstances.

The Rights Plan is intended to protect the interests of Nordstrom and its shareholders by reducing the likelihood that any entity, person or group gains control of the Company through open-market accumulation or other means without payment of an adequate control premium and expires September 19, 2023, unless redeemed, exchanged or terminated earlier by our Board of Directors. There is currently no impact to our Condensed Consolidated Financial Statements.

NOTE 7: EARNINGS PER SHARE

The computation of EPS is as follows:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Net (loss) earnings	**($20)**	$64	**$126**	($22)
Basic weighted average shares outstanding	**159.5**	159.2	**160.1**	158.9
Dilutive effect of common stock equivalents	**—**	3.3	**2.2**	—
Diluted weighted average shares outstanding	**159.5**	162.5	**162.3**	158.9
Basic EPS	**($0.13)**	$0.40	**$0.79**	($0.14)
Diluted EPS	**($0.13)**	$0.39	**$0.77**	($0.14)
Anti-dilutive common stock equivalents	**10.1**	7.5	**9.2**	11.6

NOTE 8: SEGMENT REPORTING

The following table sets forth information for our reportable segment:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Retail segment EBIT	**$119**	$197	**$471**	$335
Corporate/Other EBIT	**(116)**	(70)	**(193)**	(142)
Interest expense, net	**(32)**	(36)	**(101)**	(213)
(Loss) earnings before income taxes	**($29)**	$91	**$177**	($20)

For information about disaggregated revenues, see Note 2: Revenue.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

The following MD&A provides a narrative of our financial performance and is intended to promote understanding of our results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, Item 1. Financial Statements (Unaudited) and generally discusses the results of operations for the quarter and nine months ended October 29, 2022 compared with the quarter and nine months ended October 30, 2021. The following discussion and analysis contains forward-looking statements and should also be read in conjunction with cautionary statements and risks described elsewhere in this Form 10-Q before deciding to purchase, hold or sell shares of our common stock.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

OVERVIEW

We delivered both topline and bottom-line results, in line with our expectations in the third quarter, while enhancing our strategic capabilities. When customer demand decelerated in late June, we took action to manage through the short-term macroeconomic uncertainty and position our business for success. This included managing expenses to align with sales expectations and clearing through excess inventory to exit the year with healthy inventory levels and mix. These actions prepared us well for the third quarter, as macroeconomic pressures impacted all customer segments, with the most significant impact in the lowest income groups. However, customers continued to refresh their wardrobes and shop for occasions such as social events, travel, work and holidays, which drove demand for our core categories and services.

Net loss for the third quarter was $20, or $0.13 loss per diluted share. Excluding a supply chain technology and related asset impairment charge, Adjusted EPS was $0.20[1]. Net sales decreased 3% versus last year, in line with our expectations. This included a negative impact of approximately 200 basis points from one week of the Anniversary Sale shifting into the second quarter.

We remain focused on improving Nordstrom Rack performance, increasing profitability and optimizing our supply chain and inventory flow. We are making progress in these initiatives, and we expect them to benefit our topline and bottom-line performance in the fourth quarter of this year, in 2023 and beyond.

While we take actions to address a shifting consumer backdrop, we are also building capabilities to better serve customers and deliver increased profitability, with a focus on improving Nordstrom Rack performance, winning in our most important markets and leveraging our digital capabilities.

Nordstrom Rack – We remain focused on delivering profitable growth while improving the customer experience. This quarter, we made the decision to reduce Rack store-based order fulfillment and raise the minimum order amount to receive free ship-to-store delivery on Rack.com. These actions reduced order cancellations, simplified Rack operations and improved profitability, but negatively impacted topline growth at the Rack by approximately 200 basis points.

We continue to focus on increasing our supply of premium brands at Nordstrom Rack, improving our assortment and growing brand awareness to fuel future growth. Premium brands are a differentiator for the Rack, and we are dedicated to having great brands at great prices at each of our locations. For example, 90% of the top brands at Nordstrom are sold at Nordstrom Rack. This quarter, sales of our top 100 brands at the Rack increased 9%, which underscores the growth opportunity from increasing our supply of premium brands.

Market Strategy – Our market capabilities help us engage with customers by delivering convenience, connection and greater access to product, no matter how they choose to shop. Customers clearly value our interconnected model, with a strong store fleet, two unique banners and omnichannel capabilities linked at the market level. Order pickup represented 12% of Nordstrom.com demand this quarter, an increase of 200 basis points versus last year.

Digital Capabilities – We are also leveraging our digital capabilities to extend our unmatched one-to-one store experience to a digital world. Our goal is to personalize the digital experience with discovery supported by a broad product assortment, convenience powered by our market strategy and connection via our people and experiences. We are evolving digital discovery and driving higher engagement with enhanced content, a refreshed shopping experience including redesigned product pages and smarter product search capabilities. We are also improving the digital purchase journey with better imagery and product descriptions to help customers make more informed purchase decisions and minimize returns.

Although there is continued macro uncertainty, the capabilities we have built with our Closer to You strategy, digital assets and supply chain optimization prepare us to manage short-term pressures. With our strong balance sheet and cash position, we also have the flexibility to respond to shifting demand. We are navigating short-term headwinds, while also continuing to build capabilities to better serve our customers, drive profitable growth and increase shareholder value.

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[1] Adjusted EPS is a non-GAAP financial measure. For a reconciliation between GAAP and non-GAAP financial measures, see Adjusted EBIT, Adjusted EBITDA and Adjusted EPS (Non-GAAP financial measures) below.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

RESULTS OF OPERATIONS

In our ongoing effort to enhance the customer experience, we are focused on providing a seamless retail experience across our Company. We invested early in integrating our operations, merchandising and technology across our stores and online and in both Nordstrom and Nordstrom Rack banners. By connecting our digital and physical assets across Nordstrom and Nordstrom Rack, we are able to better serve customers when, where and how they want to shop. We have one Retail reportable segment and analyze our results on a total company basis, using customer, market share, operational and net sales metrics.

Our Anniversary Sale, historically the largest event of the year, typically falls in the second quarter. Approximately one week of our Anniversary Sale shifted from the third quarter in 2021 to the second quarter in 2022.

We monitor a number of key operating metrics to evaluate our Company’s performance. In addition to net sales, net earnings (loss) and other results under GAAP, two other key operating metrics we use are GMV and inventory turnover rate.

- *GMV:* Our GMV represents the total dollar value of items sold through our digital platforms and stores. GMV includes net sales from inventory we own, as well as the retail value of merchandise sold under our alternative partnership models with our vendors in our Nordstrom banner. We use GMV as an indicator of the scale and growth of our operations and the impact of our alternative partnership models.
- *Inventory Turnover Rate:* Inventory turnover rate is calculated as the trailing 4-quarter cost of sales and related buying and occupancy costs divided by the trailing 4-quarter average inventory. Inventory turnover rate is an indicator of our success in optimizing inventory volumes in accordance with customer demand.

Net Sales

The following table summarizes net sales:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Net sales:				
Nordstrom	**$2,264**	$2,343	**$7,324**	$6,614
Nordstrom Rack	**1,169**	1,191	**3,567**	3,406
Total net sales	**$3,433**	$3,534	**$10,891**	$10,020
Net sales (decrease) increase:				
Nordstrom	**(3.4 %)**	10.5 %	**10.7 %**	45.6 %
Nordstrom Rack	**(1.9 %)**	35.2 %	**4.7 %**	50.6 %
Total Company	**(2.9 %)**	17.7 %	**8.7 %**	47.2 %
Digital sales as a % of total net sales	**34 %**	40 %	**37 %**	42 %
Digital sales (decrease) increase	**(16 %)**	(12 %)	**(4 %)**	10 %
Nordstrom GMV (decrease) increase	**(2.9 %)**	11.9 %	**11.4 %**	47.3 %
Total Company GMV (decrease) increase	**(2.5 %)**	18.6 %	**9.2 %**	48.4 %

Total Company net sales and GMV decreased for the third quarter of 2022, compared with the same period in 2021. The timing shift of the Anniversary Sale, with one day falling into the third quarter of 2022 versus roughly one week in 2021, had a negative impact on net sales of approximately 200 basis points compared with the third quarter of 2021. Total Company net sales and GMV increased for the nine months ended October 29, 2022, compared with the same period in 2021. In the third quarter, core categories including men’s and women’s apparel, shoes and designer had the strongest growth versus 2021, as customers continued to shop for occasions, travel, work and holidays. For the nine months ended October 29, 2022, the same core categories of shoes, men’s and women’s apparel and designer had the strongest growth compared with the same period in 2021. During the nine months ended October 29, 2022, we opened two Nordstrom Rack stores and one ASOS | Nordstrom store.

Digital sales decreased for the third quarter and nine months ended October 29, 2022, compared with the same periods in 2021. The timing of the Anniversary Sale had a negative impact on digital sales in the third quarter of approximately 300 basis points compared with the same period in 2021. Reducing store-based order fulfillment for Nordstrom Rack digital orders during the third quarter and sunsetting Trunk Club earlier in fiscal 2022 had a negative impact on digital sales for the third quarter and nine months ended October 29, 2022.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Nordstrom net sales and GMV decreased for the third quarter of 2022 and increased for the nine months ended October 29, 2022, compared with the same periods in 2021. The timing shift of the Anniversary Sale had a negative impact on Nordstrom banner net sales of approximately 300 basis points compared with the third quarter of 2021. For the third quarter of 2022, Nordstrom net sales reflected a decrease in the number of items sold, partially offset by an increase in the average selling price per item sold, compared with the same period in 2021. For the nine months ended October 29, 2022, Nordstrom net sales reflected an increase in the average selling price per item sold, while the number of items sold remained flat, compared with the same period in 2021.

Nordstrom Rack net sales decreased for the third quarter of 2022 and increased for the nine months ended October 29, 2022, compared with the same periods in 2021. For the third quarter of 2022, Nordstrom Rack net sales reflected a decrease in the number of items sold, while the average selling price per item sold remained flat, compared with the same period in 2021. For the nine months ended October 29, 2022, Nordstrom Rack net sales reflected an increase in the average selling price per item sold, partially offset by a decrease in the number of items sold, compared with the same period in 2021.

See Note 2: Revenue in Item 1 for information about disaggregated revenues.

Credit Card Revenues, Net
Credit card revenues, net increased $10 and $37 for the third quarter and nine months ended October 29, 2022, compared with the same periods in 2021, primarily as a result of higher finance charges due to larger outstanding balances, partially offset by higher losses from bad debt for the third quarter of 2022.

Gross Profit
The following table summarizes gross profit:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Gross profit	**$1,139**	$1,240	**$3,680**	$3,374
Gross profit as a % of net sales	**33.2%**	35.1%	**33.8%**	33.7%
			October 29, 2022	October 30, 2021
Inventory turnover rate			**3.85**	4.20

Gross profit decreased $101 and 190 basis points as a rate of net sales for the third quarter of 2022, compared with the same period in 2021, primarily due to higher markdown rates and lower sales. We incurred approximately $100 in incremental markdowns in the third quarter. Gross profit increased $306 and 10 basis points as a rate of net sales for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to higher sales, partially offset by higher markdown rates.

Ending inventory as of October 29, 2022 increased 0.6%, compared with the same period in 2021, versus a 2.9% decrease in sales for the third quarter of 2022. Inventory turnover rate, which is calculated using trailing 4-quarter average inventory, decreased primarily due to higher inventory levels across most channels as a result of supply chain disruptions and softening customer demand trends.

Selling, General and Administrative Expenses
SG&A is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
SG&A expenses	**$1,249**	$1,216	**$3,722**	$3,464
SG&A expenses as a % of net sales	**36.4%**	34.4%	**34.2%**	34.6%

SG&A increased $33 and 200 basis points as a rate of net sales for the third quarter of 2022, compared with the same period in 2021, primarily due to a supply chain technology and related asset impairment charge of $70, partially offset by fulfillment expense efficiencies. SG&A increased $258 for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to increased variable costs on higher sales volume and a supply chain technology and related asset impairment charge, partially offset by fulfillment expense efficiencies. SG&A rate decreased 40 basis points as a rate of net sales for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to leverage on higher sales volume and fulfillment expense efficiencies, partially offset by a supply chain technology and related asset impairment charge.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Earnings Before Interest and Income Taxes

EBIT is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
EBIT	**$3**	$127	**$278**	$193
EBIT as a % of net sales	**0.1%**	3.6%	**2.6%**	1.9%

EBIT decreased $124 and 350 basis points as a rate of net sales for the third quarter of 2022, compared with the same period in 2021, primarily due to higher markdowns and a supply chain technology and related asset impairment charge, partially offset by fulfillment expense efficiencies. EBIT increased $85 and 65 basis points as a rate of net sales for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to higher sales, partially offset by higher markdowns and a supply chain technology and related asset impairment charge.

Interest Expense, Net

Interest expense, net was $32 for the third quarter of 2022, and was relatively flat compared with $36 for the same period in 2021. Interest expense was $101 for the nine months ended October 29, 2022, compared with $213 for the same period in 2021. The decrease for the nine months ended October 29, 2022 was primarily due to debt refinancing charges of $88 related to the redemption of the Secured Notes in the first quarter of 2021 and the redemption of the 4% senior notes in the second quarter of 2021.

Income Tax

Income tax (benefit) expense is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Income tax (benefit) expense	**($9)**	$27	**$51**	$2
Effective tax rate	**30.6 %**	29.9 %	**29.0 %**	(7.6 %)

The effective tax rate in the third quarter of 2022 was roughly flat, compared with the same period in 2021. The effective tax rate increased for the nine months ended October 29, 2022, compared with the same period in 2021, due to an overall increase in earnings before income taxes. Income tax expense for the nine months ended October 30, 2021, when compared with a loss before income taxes, resulted in a negative rate in 2021.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Earnings Per Share

EPS is as follows:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Basic	**($0.13)**	$0.40	**$0.79**	($0.14)
Diluted	**($0.13)**	$0.39	**$0.77**	($0.14)

Diluted EPS decreased $0.52 for the third quarter of 2022 primarily due to higher markdowns and the impact of a supply chain technology and related asset impairment charge. For the nine months ended October 29, 2022, diluted EPS increased $0.91 primarily due to higher sales volumes and the net impact from the gain on sale of our interest in a corporate office building, partially offset by a supply chain technology and related asset impairment charge, Trunk Club wind-down costs and higher markdowns. In the first quarter of 2021, we recorded an interest expense charge of $88 related to the redemption of the Secured Notes, which reduced diluted EPS by $0.41 per share.

Fiscal Year 2022 Outlook

The following are our financial expectations for fiscal 2022:

- Revenue growth, including retail sales and credit card revenues, of 5 to 7 percent
- EBIT margin, as percent of sales, of 4.1 to 4.4 percent
- Adjusted EBIT margin of 4.3 to 4.7 percent
- Income tax rate of approximately 27 percent
- EPS, excluding the impact of share repurchase activity, if any, of $2.13 to $2.43
- Adjusted EPS, excluding the impact of share repurchase activity, if any, of $2.30 to $2.60
- Leverage ratio below 2.9 times by year-end

Our adjusted EBIT as a percent of net sales ("adjusted EBIT margin") and Adjusted EPS outlook for fiscal year 2022 excludes the impacts from certain items that we do not consider representative of our core operating performance. These items include a supply chain technology and related asset impairment charge recognized in the third quarter of 2022, Trunk Club wind-down costs recognized in the first half of 2022 and the gain on the sale of our interest in a corporate office building recognized in the first quarter of 2022. For a reconciliation of the fiscal year 2022 forward-looking GAAP to non-GAAP measures, see page 23.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS (Non-GAAP financial measures)

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS are key financial metrics and, when used in conjunction with GAAP measures, we believe they provide useful information for evaluating our core business performance, enable comparison of financial results across periods and allow for greater transparency with respect to key metrics used by management for financial and operational decision-making. Adjusted EBIT, Adjusted EBITDA and Adjusted EPS exclude certain items that we do not consider representative of our core operating performance. The financial measure calculated under GAAP which is most directly comparable to Adjusted EBIT and Adjusted EBITDA is net (loss) earnings. The financial measure calculated under GAAP which is most directly comparable to Adjusted EPS is diluted EPS.

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS are not measures of financial performance under GAAP and should be considered in addition to, and not as a substitute for, net earnings (loss), operating cash flows, earnings (loss) per share, earnings (loss) per diluted share or other financial measures performed in accordance with GAAP. Our method of determining non-GAAP financial measures may differ from other companies' financial measures and therefore may not be comparable to methods used by other companies.

The following is a reconciliation of net (loss) earnings to Adjusted EBIT and Adjusted EBITDA:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Net (loss) earnings	**($20)**	$64	**$126**	($22)
Income tax (benefit) expense	**(9)**	27	**51**	2
Interest expense, net	**32**	36	**101**	213
Earnings before interest and income taxes	**3**	127	**278**	193
Supply chain impairment	**70**	—	**70**	—
Trunk Club wind-down costs	**—**	—	**18**	—
Gain on sale of interest in a corporate office building	**—**	—	**(51)**	—
Adjusted EBIT	**73**	127	**315**	193
Depreciation and amortization expenses	**152**	156	**453**	477
Amortization of developer reimbursements	**(18)**	(19)	**(54)**	(59)
Adjusted EBITDA	**$207**	$264	**$714**	$611

The following is a reconciliation of diluted EPS to Adjusted EPS:

	Quarter Ended		Nine Months Ended	
	October 29, 2022	**October 30, 2021**	**October 29, 2022**	**October 30, 2021**
Diluted EPS	**($0.13)**	$0.39	**$0.77**	($0.14)
Supply chain impairment	**0.44**	—	**0.44**	—
Trunk Club wind-down costs	**—**	—	**0.11**	—
Gain on sale of interest in a corporate office building	**—**	—	**(0.31)**	—
Debt refinancing charges included within interest expense, net	**—**	—	**—**	0.56
Income tax impact on adjustments[1]	**(0.11)**	—	**(0.06)**	(0.15)
Adjusted EPS[2]	**$0.20**	$0.39	**$0.95**	$0.27

[1] The income tax impact of non-GAAP adjustments is calculated using the estimated tax rate for the respective non-GAAP adjustment.

[2] We used the same number of weighted average diluted shares in our denominator for adjusted per share amounts as was used in the calculation of diluted EPS under GAAP, regardless of the adjusted net loss or earnings position, as the impact to Adjusted EPS is not significant.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Fiscal Year 2022 Forward-Looking Non-GAAP Measures

The following is a reconciliation of expected net earnings as a percent of net sales to expected adjusted EBIT margin included within our Fiscal Year 2022 Outlook:

	52 Weeks Ending January 28, 2023	
	Low	High
Expected net earnings as a % of net sales	**2.3 %**	**2.6 %**
Income tax expense	0.9 %	0.9 %
Interest expense, net	0.9 %	0.9 %
Expected EBIT margin, as a % of net sales	4.1 %	4.4 %
Supply chain impairment	0.4 %	0.5 %
Trunk Club wind-down costs	0.1 %	0.1 %
Gain on sale of interest in a corporate office building	(0.3 %)	(0.3 %)
Expected adjusted EBIT margin	**4.3 %**	**4.7 %**

The following is a reconciliation of expected diluted EPS to expected Adjusted EPS included within our Fiscal Year 2022 Outlook:

	52 Weeks Ending January 28, 2023	
	Low	High
Expected diluted EPS	**$2.13**	**$2.43**
Supply chain impairment	0.43	0.43
Trunk Club wind-down costs	0.11	0.11
Gain on sale of interest in a corporate office building	(0.31)	(0.31)
Income tax impact on adjustments	(0.06)	(0.06)
Expected Adjusted EPS	**$2.30**	**$2.60**

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted ROIC (Non-GAAP financial measure)

We believe that Adjusted ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of the capital we have invested in our business to generate returns over time. In addition, we have incorporated it in our executive incentive measures and we believe it is an important indicator of shareholders’ return over the long term.

Adjusted ROIC is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, return on assets, net earnings, total assets or other GAAP financial measures. Our method of calculating non-GAAP financial measures may differ from other companies’ methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Adjusted ROIC is return on assets. The following shows the components to reconcile the return on assets calculation to Adjusted ROIC:

	Four Quarters Ended	
	October 29, 2022	**October 30, 2021**
Net earnings	**$326**	$11
Income tax expense (benefit)	**117**	(49)
Interest expense	**138**	262
Earnings before interest and income tax expense	**581**	224
Operating lease interest[1]	**85**	89
Adjusted net operating profit	**666**	313
Estimated income tax expense[2]	**(177)**	(406)
Adjusted net operating profit (loss) after tax	**$489**	($93)
Average total assets	**$9,227**	$9,489
Average deferred property incentives in excess of ROU assets[3]	**(205)**	(243)
Average non-interest bearing current liabilities	**(3,369)**	(3,423)
Average invested capital	**$5,653**	$5,823
Return on assets	**3.5 %**	0.1 %
Adjusted ROIC	**8.7 %**	(1.6 %)

[1] Operating lease interest is a component of operating lease cost recorded in occupancy costs. We add back operating lease interest for purposes of calculating adjusted net operating profit for consistency with the treatment of interest expense on our debt.

[2] Estimated income tax expense is calculated by multiplying the adjusted net operating profit by the effective tax rate for the trailing twelve month periods ended October 29, 2022 and October 30, 2021. The effective tax rate is calculated by dividing income tax by earnings before income taxes for the same trailing twelve month periods.

[3] For leases with property incentives that exceed the ROU assets, we reclassify the amount from assets to other current liabilities and other liabilities on the Condensed Consolidated Balance Sheets. The current and non-current amounts are used to reduce average total assets above, as this better reflects how we manage our business.

LIQUIDITY

We strive to maintain a level of liquidity sufficient to allow us to cover our seasonal cash needs and to maintain appropriate levels of short-term borrowings. In the short term, our ongoing working capital and capital expenditure requirements and any dividend payments or share repurchases are generally funded through cash flows generated from operations. In addition, we have access to the commercial paper market and can draw on our revolving credit facility for working capital, capital expenditures and general corporate purposes. Over the long term, we manage our cash and capital structure to maximize shareholder return, maintain our financial position, manage refinancing risk and allow flexibility for strategic initiatives. We regularly assess our debt and leverage levels, capital expenditure requirements, debt service payments, dividend payouts, share repurchases and other future investments.

We ended the third quarter of 2022 with $293 in cash and cash equivalents and $700 of additional liquidity available on our Revolver. Cash and cash equivalents in the third quarter of 2022 increased from $267 in 2021, driven by higher net earnings, partially offset by payments for merchandise inventory. We believe that our operating cash flows are sufficient to meet our cash requirements for the next 12 months and beyond. Our cash requirements are subject to change as business conditions warrant and opportunities arise and we may elect to raise additional funds in the future through the issuance of either debt or equity.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

The following is a summary of our cash flows by activity:

	Nine Months Ended	
	October 29, 2022	**October 30, 2021**
Net cash provided by operating activities	**$240**	$277
Net cash used in investing activities	**(243)**	(378)
Net cash used in financing activities	**(23)**	(315)

Operating Activities
Net cash provided by operating activities decreased $37 for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to receipt of the income tax refund related to the loss carryback provision of the CARES Act in 2021, partially offset by the timing of inventory flows and related payments and an increase in net earnings.

Investing Activities
Net cash used in investing activities decreased $135 for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to the sale of our interest in a corporate office building in 2022 and our investment in ASOS.com Ltd. in 2021 (see Note 1: Basis of Presentation in Item 1).

Capital Expenditures
Our capital expenditures, net are summarized as follows:

	Nine Months Ended	
	October 29, 2022	**October 30, 2021**
Capital expenditures	**$325**	$361
Deferred property incentives[1]	**(10)**	(10)
Capital expenditures, net	**$315**	$351
Capital expenditures as a % of net sales	**3.0 %**	3.6 %

[1] Deferred property incentives are included in our cash provided by operations in our Condensed Consolidated Statements of Cash Flows in Item 1. We operationally view the property incentives we receive from our developers and vendors as an offset to our capital expenditures.

Financing Activities
Net cash used in financing activities decreased $292 for the nine months ended October 29, 2022, compared with the same period in 2021, primarily due to net activity in 2021 related to long-term debt.

Share Repurchases
We repurchased $53 for the nine months ended October 29, 2022, compared with no share repurchases in the same period of 2021.

Dividends
We paid $90, or $0.57 per share, for the nine months ended October 29, 2022 compared with no dividends in the same period of 2021.

Free Cash Flow (Non-GAAP financial measure)
Free Cash Flow is one of our key liquidity measures and, when used in conjunction with GAAP measures, we believe it provides investors with a meaningful analysis of our ability to generate cash from our business.

Free Cash Flow is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, operating cash flows or other financial measures prepared in accordance with GAAP. Our method of calculating a non-GAAP financial measure may differ from other companies’ methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Free Cash Flow is net cash provided by operating activities. The following is a reconciliation of net cash provided by operating activities to Free Cash Flow:

	Nine Months Ended	
	October 29, 2022	**October 30, 2021**
Net cash provided by operating activities	**$240**	$277
Capital expenditures	**(325)**	(361)
Change in cash book overdrafts	**21**	(4)
Free Cash Flow	**($64)**	($88)

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

CAPITAL RESOURCES

Borrowing Capacity and Activity

During the second quarter of 2022, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new $800 Revolver that expires in May 2027. During the third quarter of 2022, we borrowed $100 under our Revolver, which remained outstanding as of October 29, 2022. As of October 29, 2022, we had no issuances outstanding under our commercial paper program. In November 2022, subsequent to quarter end, we completely repaid the outstanding balance on our Revolver. For more information about our credit facilities, see Note 3: Debt and Credit Facilities in Item 1.

Impact of Credit Ratings and Revolver Covenants

Changes in our credit ratings may impact our costs to borrow, whether our personal property secures our Revolver and whether and to what extent we are permitted to pay dividends or conduct share repurchases.

For our Revolver, the interest rate applicable to any borrowings we may enter into depends upon the type of borrowing incurred plus an applicable margin, which is determined based on our credit ratings. At the time of this report, our credit ratings and outlook were as follows:

	Credit Ratings	Outlook
Moody’s	Ba1	Stable
Standard & Poor’s	BB+	Stable
Fitch	BBB-	Negative

Should the ratings assigned to our long-term debt improve, the applicable margin associated with any borrowings under the Revolver may decrease, resulting in a lower borrowing cost under this facility. Conversely, should the ratings assigned to our long-term debt worsen, the applicable margin associated with any borrowings under the Revolver may increase, resulting in a higher borrowing cost under this facility.

As of October 29, 2022, we were in compliance with all covenants. We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement. For more information about our Revolver covenants, see Note 3: Debt and Credit Facilities in Item 1.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted Debt to EBITDAR (Non-GAAP financial measure)

Adjusted debt to EBITDAR is one of our key financial metrics and we believe that our debt levels are best analyzed using this measure, as it provides a reflection of our creditworthiness which could impact our credit ratings and borrowing costs. This metric is calculated in accordance with the updates in our new Revolver covenant and is a key component in assessing whether our revolving credit facility is secured or unsecured, as well as our ability to make dividend payments and share repurchases. Our goal is to manage debt levels to achieve and maintain investment-grade credit ratings while operating with an efficient capital structure. For more information regarding our Revolver, see Note 3: Debt and Credit Facilities in Item 1.

Adjusted debt to EBITDAR is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, debt to net earnings, net earnings, debt or other GAAP financial measures. Our method of calculating a non-GAAP financial measure may differ from other companies’ methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Adjusted debt to EBITDAR is debt to net earnings. The following shows the components to reconcile the debt to net earnings calculation to Adjusted debt to EBITDAR:

	October 29, 2022
Debt	**$2,955**
Operating lease liabilities	**1,800**
Adjusted debt	**$4,755**

	Four Quarters Ended October 29, 2022
Net earnings	**$326**
Income tax expense	**117**
Interest expense, net	**134**
Earnings before interest and income taxes	**577**
Depreciation and amortization expenses	**591**
Operating Lease Cost	**276**
Amortization of developer reimbursements[1]	**74**
Other Revolver covenant adjustments[2]	**47**
Adjusted EBITDAR	**$1,565**
Debt to Net Earnings	**9.1**
Adjusted debt to EBITDAR	**3.0**

[1] Amortization of developer reimbursements is a non-cash reduction of Operating Lease Cost and is therefore added back to Operating Lease Cost for purposes of our Revolver covenant calculation.

[2] Other adjusting items to reconcile net earnings to Adjusted EBITDAR as defined by our Revolver covenant include interest income, certain non-cash charges and other gains and losses where relevant. For the four quarters ended October 29, 2022, other Revolver covenant adjustments primarily included costs associated with a supply chain technology and related asset impairment and the wind-down of Trunk Club, partially offset by a gain on sale of the Company’s interest in a corporate office building.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in our 2021 Annual Report have the greatest potential effect on our financial statements, so we consider these to be our critical accounting policies and estimates. Our management has discussed the development and selection of these critical accounting estimates with the Audit & Finance Committee of our Board of Directors. There have been no material changes to our significant accounting policies or critical accounting estimates as described in our 2021 Annual Report.

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

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

RECENT ACCOUNTING PRONOUNCEMENTS

There are no recent accounting pronouncements that are anticipated to have a material impact on our results of operations, liquidity or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We discussed our interest rate risk and foreign currency exchange risk in our 2021 Annual Report. There have been no material changes to these risks since that time.

Item 4. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

On October 18, 2022, we filed an 8-K announcing the departure of Anne L. Bramman as an officer, employee and the Company's principal financial officer for the purposes of the Exchange Act. Her last day with us will be on or about December 2, 2022. We do not believe that the announcement of Ms. Bramman's resignation has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Michael W. Maher, our Chief Accounting Officer, will serve as our interim principal financial officer upon Ms. Bramman's departure. Our Chief Executive Officer, Erik B. Nordstrom, serves as our principal executive officer for purposes of the Exchange Act.

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we have performed an evaluation of the design and effectiveness of our disclosure controls and procedures as of the last day of the period covered by this report.

Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) under 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 within 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 principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits alleging violations of state and/or federal wage and hour and other employment laws, privacy and other consumer-based claims. Some of these lawsuits may include certified classes of litigants, or purport or may be determined to be class or collective actions and seek substantial damages or injunctive relief, or both, and some may remain unresolved for several years. We believe the recorded accruals in our Condensed Consolidated Financial Statements are adequate in light of the probable and estimable liabilities. As of the date of this report, we do not believe any currently identified claim, proceeding or litigation, either alone or in the aggregate, will have a material impact on our results of operations, financial position or cash flows. Since these matters are subject to inherent uncertainties, our view of them may change in the future.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors described in our 2021 Annual Report.

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

(c) SHARE REPURCHASES
(Dollar and share amounts in millions, except per share amounts)

The following is a summary of our third quarter share repurchases:

	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
August 2022 (July 31, 2022 to August 27, 2022)	0.6	$23.46	0.6	$449
September 2022 (August 28, 2022 to October 1, 2022)	0.2	$18.33	0.2	$447
October 2022 (October 2, 2022 to October 29, 2022)	—	—	—	$447
Total	**0.8**	**$22.52**	**0.8**	

See Note 6: Shareholders' Equity in Item 1 for more information about our August 2018 and May 2022 share repurchase programs.

Item 6. Exhibits.

(a) The information required under this item is incorporated herein by reference or filed or furnished as part of this report at:

All other exhibits are omitted because they are not applicable, not required or because the information required has been given as part of this report.

NORDSTROM, INC.
Exhibit Index

Exhibit			Incorporated by Reference		
			Form	Exhibit	Filing Date
4.1		Shareholder Rights Agreement, dated as of September 19, 2022, by and between the Company and Computershare Trust Company, N.A., as rights agent (which includes the Form of Rights Certificate as Exhibit A thereto)	8-K	4.1	September 20, 2022
10.1	†	Amendment No. 7 to the Credit Card Program Agreement by and between Nordstrom, Inc., and TD Bank USA, N.A.			
31.1	†	Certification of Chief Executive Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002			
31.2	†	Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002			
32.1	‡	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 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 Document			
101.CAL	†	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.LAB	†	Inline XBRL Taxonomy Extension Labels Linkbase Document			
101.PRE	†	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
101.DEF	†	Inline XBRL Taxonomy Extension Definition Linkbase Document			
104	†	Cover Page Interactive Data File (Inline XBRL)			

† Filed herewith electronically
‡ Furnished herewith electronically

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.

NORDSTROM, INC.
(Registrant)

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer
(Principal Financial Officer)

Date: December 2, 2022

Exhibit 10.1

Amendment No. 7 to the
Credit Card Program Agreement

This Amendment No. 7 to the Credit Card Program Agreement (the "Seventh Amendment") is entered into as of November 18, 2022 (the "Seventh Amendment Signing Date") and, except as otherwise expressly stated herein, effective as of November 1, 2022 (the "Seventh Amendment Effective Date"), by and between Nordstrom, Inc., a Washington corporation with its principal offices in Seattle, Washington ("Company") and TD Bank USA, N.A., a national banking association with its principal offices in Wilmington, Delaware ("Bank").

WHEREAS, effective May 25, 2015, Company, Bank and Nordstrom fsb, a federal savings bank with its principal offices in Scottsdale, Arizona ("Company Bank") entered into that certain Credit Card Program Agreement, as amended by First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, and the Sixth Amendment (each, as defined below) (cumulatively, and as otherwise amended to date, the "Agreement");

WHEREAS, effective as of July 31, 2017, Company, Bank and Company Bank entered into that certain Amended and Restated Amendment No. 1 to the Credit Card Program Agreement ("First Amendment"), which, among other things, removed Company Bank as a party to the Agreement;

WHEREAS, effective as of September 11, 2019, Company and Bank entered into that certain Amendment No. 2 to the Credit Card Program Agreement ("Second Amendment"), which, among other things, included the parties' agreement for Bank to assume Lockbox and ACH collections;

WHEREAS, effective as of April 21, 2020, Company and Bank entered into that certain Amendment No. 3 to the Credit Card Program Agreement ("Third Amendment"), which, among other things revised the daily settlement report and monthly settlement report;

WHEREAS, effective as of June 5, 2020, Company and Bank entered into that certain Amendment No. 4 to the Credit Card Program Agreement ("Fourth Amendment"), which, among other things, addressed Account terms and pricing, revenue sharing, servicing transfer and risk management issues;

WHEREAS, effective as of July 21, 2021, Company and Bank entered into that certain Amendment No. 5 to the Credit Card Program Agreement ("Fifth Amendment"), which, among other things, addressed the merchant discount and service level standards;

WHEREAS, effective as of November 9, 2022, Company and Bank entered into that certain Amendment No. 6 to the Credit Card Program Agreement ("Sixth Amendment"), which, among other things, provided Company with the option to extend the period during which it may arrange for the evaluation of and purchase of the Program Assets in the event that this Seventh Amendment was not entered into;

WHEREAS, the parties hereto have agreed to further amend the Agreement as set forth herein; and

NOW, THEREFORE, in consideration of the premises and of the mutual promises set forth herein, and intending to be legally bound hereby, the parties agree as follows:

1. **<u>Relationship to Agreement</u>**.

(a) The Agreement, as amended immediately prior to the Seventh Amendment Effective Date, shall govern the respective rights, obligations and liabilities of Company and Bank with respect to any events occurring in connection with the Program prior to the Seventh Amendment Effective Date.

(b) Except as otherwise stated in this Seventh Amendment, all terms and conditions of the Agreement shall remain in full force and effect and all rights and obligations of Company or Bank pursuant to the terms of the Agreement or otherwise agreed between parties shall remain in full force and effect.

(c) In the event of any conflict between this Seventh Amendment and the Agreement, this Seventh Amendment shall govern.

(d) Unless otherwise expressly stated, each of the provisions set forth herein shall be effective as of the Seventh Amendment Effective Date.

(e) Unless otherwise expressly stated, all references to a Section, Schedule or Attachment herein shall be deemed to refer to a Section, Schedule, or Attachment of this Seventh Amendment.

2. **<u>Definitions</u>**.

(a) The following terms are added to Section 1.1 of the Agreement in their appropriate alphabetical places.

(i) "<u>Infrastructure Innovation Fund</u>" has the meaning set forth in Section 3.7(a).

(ii) "<u>Overlap Period</u>" means, if Company delivers a timely Purchase Notice and Company exercises its right under clause (a) of Schedule 2.5 to permit the Nominated Purchaser to issue a Credit Card bearing the Company Licensed Mark or other mark using the Company name prior to the Program Purchase Date, the period commencing on the date the Nominated Purchaser commences issuing such Credit Card and ending on the earlier of (x) the Program Purchase Date; or (y) the expiration of the Purchase Option if the Nominated Purchaser fails to consummate the purchase of the Program Assets in accordance with the timeframes set forth in Section 15.2(c) of the Agreement.

(iii) "<u>Overlap Plan</u>" has the meaning set forth in clause (a) of <u>Schedule 2.5</u>.

(iv) "<u>Platform Presentation</u>" has the meaning set forth in Section 4.13(b).

(v) "<u>Program Extension Enhancement Fund</u>" has the meaning set forth in Section 3.7(b).

(vi) "<u>Repayment Amount</u>" has the meaning set forth in <u>Schedule 8.4</u>.

(vii) "<u>Repayment Event</u>" has the meaning set forth in <u>Schedule 8.4</u>.

(viii) "Servicing Platform" means a consumer credit card servicing platform that includes, at a minimum: (a) the ability to perform the Servicing functions performed by Company with respect to the Program as of January 1, 2025 and (b) the Servicing functions set forth in Schedule 4.13(b).

(ix) "Seventh Amendment" means that certain Amendment No. 7 to the Credit Card Program Agreement entered by Bank and Company with the Seventh Amendment Effective Date as of November 1, 2022.

(x) "Seventh Amendment Signing Date" has the meaning set forth in the Seventh Amendment.

(xi) "SOFR" means, with respect to each date of determination, the rate per annum equal to the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at https://www.newyorkfed.org/markets/reference-rates/sofr (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time) with respect to each such date, and in each such case determined on a daily basis with respect to each day during which any overpayment or underpayment by any party of amounts owed under this Agreement remains outstanding and unremedied.

(b) The definition of "Program Assets" in Schedule 1.1 of the Agreement is deleted and replaced with the following:

"Program Assets" means the Accounts (including Accounts written off and not sold prior to the Termination Date); all rights under the Account Documentation; the Cardholder List and Cardholder Data; all Cardholder Indebtedness (subject to Section 17.2), but, to the extent set forth in Section 15.2(d), excluding the Existing Receivables except to the extent otherwise provided in such Section; all BINs, unique Account identifiers and associated encryption keys relating to the Accounts, Account credentials (solely if such Account credentials are used solely to access Accounts and, if applicable, other products or services offered by or associated with Company, and not any other product or service offered by or through Bank, including any product or service of a third party offered through Bank), banking information for payments on Accounts, and Account settings (e.g., autopay, payment date); and all rights, claims, credits, causes of action and rights of set-off against third parties to the extent relating to the Accounts (in each case, whether held by Bank or another Person), but excluding any direct contract rights under agreements not being assigned to Company or its Nominated Purchaser. To the extent there is other technology or data reasonably necessary or actually employed to enable use of the BINs or unique Account identifiers or to minimize Cardholder disruption in connection with the transition of the Program to a Nominated Purchaser, the parties shall reasonably cooperate to include such technology or data in the

Program Assets, unless such inclusion would negatively impact Bank's offering or support of its own products and services other than Accounts; provided that Bank shall make reasonable efforts to resolve such negative impact.

3. **Term Extension**.

(a) Section 14.1 of the Agreement is deleted in its entirety and replaced with the following:

> This Agreement shall continue in full force and effect from the Effective Date through September 26, 2026 (the "Initial Term") unless earlier terminated as provided herein. The Agreement shall renew automatically without further action of the parties for successive two (2) year terms (each a "Renewal Term unless (a) Bank provides written notice of non-renewal at least eighteen (18) months or (b) Company provides written notice of non-renewal at least twelve (12) months, in each case, prior to the expiration of the Initial Term or current Renewal Term, as the case may be.

4. **Financials**.

(a) The following is added as a new Section 8.4 of the Agreement:

> The parties shall make such payments to each other as set forth in Schedule 8.4.

(b) Schedule 7.3 of the Agreement is deleted in its entirety and replaced with Attachment A hereto.

(c) Schedule 7.3(b) of the Agreement is deleted in its entirety and replaced with Attachment B hereto.

(d) The definition of "Bank Share of Net Credit Card Revenue" in Schedule 8.1 of the Agreement is deleted in its entirety and replaced as set forth in Attachment C hereto.

(e) Attachment D hereto is added as a new Schedule 8.4 of the Agreement.

5. **Program Resources**.

(a) The provisions set forth in Attachment E hereto shall be added as new Sections 3.2(e), 3.3(d)(ix), 3.7 and 4.5(c) of the Agreement, as set forth therein.

6. **Bank Card Servicing Platform**.

(a) The provision set forth in Attachment F hereto is added as a new Section 4.13(b) of the Agreement.

(b) Attachment G is added as a new Schedule 4.13(b) of the Agreement.

7. **Other Amendments to Program Agreement**.Clause (a) of Schedule 2.5 of the Agreement is deleted in its entirety and replaced with Attachment H hereto.

(b) Section 3.3(g) of the Agreement is deleted in its entirety and replaced with the following:

> The Executive Committee shall be responsible for (i) periodically reviewing the Program; (ii) setting and reviewing strategy for the Program; (iii) overseeing competitive positioning of the Program; (iv) reviewing fundamental changes in the operation of the Program; and (v) all other matters that the parties agree should be reviewed by the Executive Committee. Each party shall have the right to remove or replace its appointees for any reason and at any time, and to fill any vacancy with respect to its designees. All decisions of the Executive Committee shall be unanimous decisions of both Executive Committee members. Both members of the Executive Committee shall be present at each meeting thereof. The Executive Committee is under no obligation to meet, but shall meet (in person or via video or telephone conference) at the request of either party by delivery of at least five (5) Business Days prior notice to the other member of the Executive Committee, which notice shall specify the purpose for such meeting. At any Executive Committee meeting, the Operating Committee may be invited to attend a portion of the meeting to present on such matters as either party may request. Except to the extent expressly provided in this Agreement, the Executive Committee shall determine the manner in which meetings shall be called and all procedural matters relating to the conduct of meetings.

(c) If Company is considering making a change to its Systems or the system of its processor or other subcontractor, including Zoot, that will result in a material change to Program operations or Servicing, prior to implementing such change, Company shall notify Bank of the considered change, and information and documentation describing the reason for such change shall be presented to the Operating Committee. The Operating Committee, or their designees, shall cooperate in good faith to develop System project test plans, review the results of any such tests and all other project related documentation and Company shall provide to Bank all key project planning, testing and implementation documents and shall provide Bank a reasonable opportunity to participate in all key project planning, testing and implementation meetings with respect to such change. The Operating Committee shall review such information and documentation to confirm that the changes comply with Applicable Law and are unlikely to result in a material increase in Program operational errors or other material adverse impact on Cardholders or the Program; provided that this provision shall not provide Bank or the Operating Committee with approval rights over such change, and any dispute between Company and Bank with respect to such change shall be governed by the applicable dispute resolution terms of this Agreement.

(d) Section 9.2(b) of the Agreement is deleted in its entirety and replaced with the following:

> Termination of License. The licenses granted in Section 9.1 shall terminate on the Termination Date; provided that (i) if the

Purchase Option under Section 15.2 is exercised (and Company or its Nominated Purchaser thus owns the Program Assets) then such licenses shall continue for a six (6) month period following the Termination Date to the extent necessary for winding down the operation of the Program in a manner consistent with the terms of this Agreement and with past practice, including the right to continue to use Bank Licensed Marks on the credit card plastics during such sixth month period and (ii) if the Purchase Option is not exercised (and Bank thus continues to own the Program Assets), then such licenses shall extend until the end of the Interim Servicing Period solely to the extent necessary to permit the parties to exercise their respective rights and obligations under this Agreement, and otherwise clause (b) of Schedule 15.3 shall govern Bank's use of the Company Licensed Marks. Upon such termination of these licenses, as provided in this Section 9.2(b), all rights of Company to use the Bank Licensed Marks and Bank to use Company Licensed Marks shall terminate (including all sublicenses granted pursuant to the terms of Section 9.1). Upon the termination of the licenses granted in Section 9.1, all previously licensed rights in the Company Licensed Marks and Bank Licensed Marks shall revert to Company and Bank, respectively, and Company and Bank shall: (A) discontinue immediately all use of the Bank Licensed Marks and Company Licensed Marks, or any of them, and any colorable imitation thereof; and (B) at Company's or Bank's option, delete the Bank Licensed Marks or Company Licensed Marks from or destroy all unused Account Documentation, materials, displays, advertising and sales literature and any other items bearing any of the Bank Licensed Marks or Company Licensed Marks. Notwithstanding anything herein, each party shall have the right at all times after the Termination Date to use the other party's trademarks (i) in a non-trademark or "fair use" manner (provided that such use does not convey or suggest or is not reasonably likely to suggest that the parties are still participating in the Program) or as required to comply with Applicable Law; or (ii) on any archival legal documents, business correspondence and similar items that are not consumer-facing.

(e) The following is added as a new Section 12.3 of the Agreement:

At all times during the Term, Company shall have the right to use BINs owned by Bank to process and settle transactions initiated with Debit Accounts; provided that no new Debit Accounts using such BINs shall be established (other than in connection with lost or stolen access devices) during the Term unless mutually agreed by the Parties. Company shall not sell or transfer the Debit Accounts without Bank's prior written consent if the Debit Accounts will continue to use such BINs to process and settle such transactions following such sale or transfer. Subject to the Network Rules and any required consent or approval of the applicable Network, at Company's cost and expense (unless such transfer occurs as part of the transfer of the Program Assets to the Nominated Purchaser), at Company's request Bank will cooperate to transfer any and all right to such BINs to any Person selected by Company, provided that if Company fails to designate a transferee and facilitate such transfer prior to the Termination Date, Bank may terminate such BINs as of or after the Termination Date, in its discretion.

(f) Section 15.2(l) of the Agreement is deleted in its entirety and replaced with the following:

Notwithstanding anything to the contrary in this Agreement, if Company exercises its right to purchase or select a Nominated Purchaser to purchase the Program Assets, Company shall have the right to communicate with Cardholders regarding the new Credit Card program during the period beginning the earlier of ninety (90) days prior to (i) the Termination Date or (ii) the beginning of the Overlap Period, if applicable, (and not prior thereto); provided that in no event will any solicitation be made to any Cardholders pursuant to the new Credit Card program prior to the Termination Date.

(g) Clause (f) of Schedule 15.2 of the Agreement is deleted and replaced as set forth in Attachment I hereto.

(h) Within one hundred eighty (180) days after the Seventh Amendment Signing Date, the parties shall jointly review the Agreement for appropriate updates and work in good faith to make such updates as mutually agreed, including to the following Sections: Sections 2.5, 4.15, 4.16, 6.2 and Schedule 4.12(a), Schedule 4.15, Schedule 6.1(c)(i), and Schedule 6.2(b).

(i) The Agreement is amended by (i) deleting the definition of "LIBOR" in Section 1.1. of the Agreement and (ii) deleting each instance of "LIBOR or a substantially similar benchmark rate" in the Agreement and replacing each instance with "SOFR".

(j) Schedules 1.1(a)(iii), 1.1(a)(iv), 3.2(b)(i) and 3.3(b) are deleted in their entirely and replaced with the applicable schedules set forth in Attachment J.

(a) Except with respect to matters of which Bank has Knowledge as of the Seventh Amendment Effective Date, Company makes each of the following representations as of the Seventh Amendment Effective Date:

(i) Neither Company nor any of its Affiliates nor, to the best of its Knowledge, any subcontractors performing material Program services or functions is in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would not have a Company Material Adverse Effect, nor has Company received any notice of default under any contract, agreement, lease or other instrument regarding a default which, if realized, would have, or would reasonably be expected to have, a Company Material Adverse Effect.

(ii) No action, claim or any litigation, proceeding, arbitration, investigation or controversy is pending or, to the best of Company's Knowledge, threatened against Company or its Affiliates or, to the best of Company's Knowledge, their subcontractors that provide material services to the

Program, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government, or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators which has had, or would reasonably be expected to have, a Company Material Adverse Effect. Neither Company nor any of its Affiliates performing servicing functions is the subject of any action by a Governmental Authority and none of such Persons is subject to any agreement, orders or directives with any Governmental Authority, which, in each case, has had, or if adversely determined, would reasonably be expected to have, a Company Material Adverse Effect.

(b) Except with respect to matters of which Company has Knowledge as of the Seventh Amendment Effective Date, Bank makes each of the following representations as of the Seventh Amendment Effective Date:

(i) Neither Bank nor any of its Affiliates, nor to the best of its Knowledge, any of its subcontractors performing material Program services is in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would not have a Bank Material Adverse Effect, nor has Bank received any notice of default under any contract, agreement, lease or other instrument regarding a default which, if realized, would have, or would reasonably be expected to have, a Bank Material Adverse Effect.

(ii) No action, claim, or any litigation, proceeding, arbitration, investigation or controversy is pending or, to the best of Bank's Knowledge, threatened against Bank or its Affiliates or, to the best of Bank's Knowledge, their subcontractors (excluding Company) that provide material services to the Program, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators which has had, or would reasonably be expected to have, a Bank Material Adverse Effect. Bank, further, is not the subject of any action by a Governmental Authority and is not subject to any agreement, orders or directives with any Governmental Authority, which, in each case, has, or if adversely determined, would reasonably be expected to have, either a Bank Material Adverse Effect.

9. **Cooperation**. In addition to the express undertakings of the parties pursuant to this Seventh Amendment, the parties shall work cooperatively and in good faith to implement such additional changes to the Program that are necessary to facilitate the intended effects of the provisions of this Seventh Amendment.**Counterparts**. This Seventh Amendment may be executed in any number of counterparts, each of which shall constitute one and the same instrument. Any facsimile or PDF emailed version of an executed counterpart shall be deemed an original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Seventh Amendment to be duly executed on the Seventh Amendment Signing Date.

NORDSTROM, INC.

By: /s/ Erik Nordstrom
Name: Erik Nordstrom
Title: Chief Executive Officer

TD BANK USA, N.A.

By: /s/ David Swift
Name: David Swift
Title: SVP, Head of Partnership Programs

Exhibit 31.1

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Erik B. Nordstrom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;

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.

Date: December 2, 2022

/s/ Erik B. Nordstrom
Erik B. Nordstrom

Chief Executive Officer of Nordstrom, Inc.

Exhibit 31.2

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Anne L. Bramman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;

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.

Date: December 2, 2022

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer of Nordstrom, Inc.

Exhibit 32.1

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Nordstrom, Inc. (the "Company") on Form 10-Q for the period ended October 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Erik B. Nordstrom, Chief Executive Officer (Principal Executive Officer), and Anne L. Bramman, Chief Financial Officer (Principal Financial Officer), of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 2, 2022

/s/ Erik B. Nordstrom
Erik B. Nordstrom
Chief Executive Officer of Nordstrom, Inc.

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer of Nordstrom, Inc.

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.