



Q4 2023 EARNINGS CALL

NORDSTROM

FORWARD-LOOKING STATEMENTS

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

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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



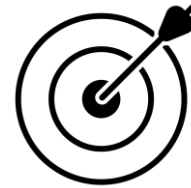
DELIVERED STRONG Q4 AND FY23 RESULTS



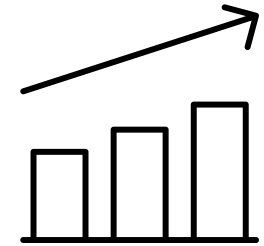
Net sales of \$4.3B
Up 2% vs Q4 '22



**Adj. EPS up
vs Q4 '22¹**
\$0.96 vs \$0.74²



**FY23 results within
or above guidance**



**Sequential Q4
improvements**
In net sales, profitability,
customer count, purchase
trips

¹Adjusted EPS is a non-GAAP financial measure. Refer to the “Adjusted EPS (Non-GAAP Measure)” slide of this presentation for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial results.

²Excludes impact from supply chain asset impairment charge in Q4 '23.

2023 ACTIONS TO EXPAND MARKET SHARE AND IMPROVE PROFITABILITY

Enhancing **customer experience** by:

Improving
Rack performance

Increasing
inventory productivity

Optimizing
supply chain capabilities



IMPROVING RACK PERFORMANCE

Opened 19 new Rack stores in FY23



Q4 comparable Rack store sales up high single-digits



Improved traffic and conversion at NordstromRack.com



INCREASING INVENTORY PRODUCTIVITY



Total inventory down (3%), versus sales increase of 2%



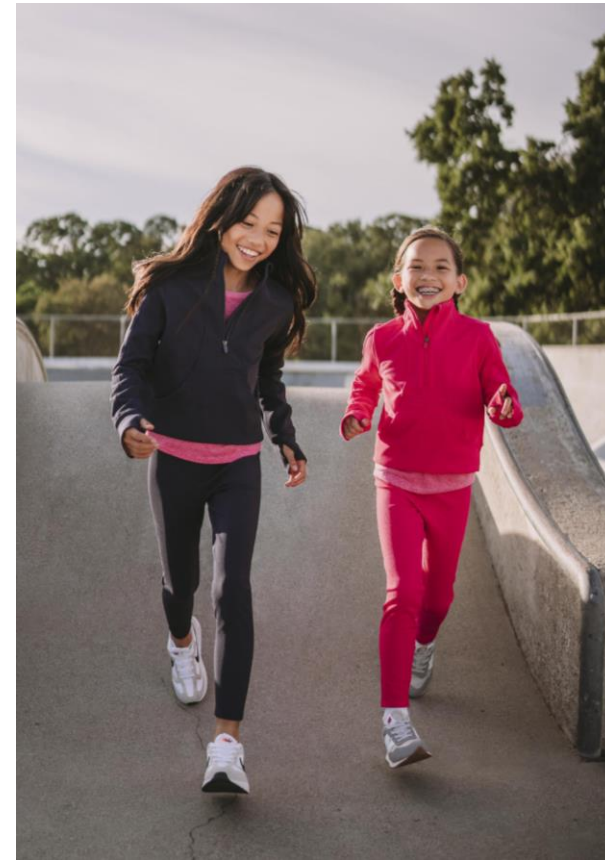
Gross margin of 34.4%:
• Expanded 125bps vs Q4 '22



Designer inventory balance on target



Stronger newness given fewer aged items to clear through



OPTIMIZING SUPPLY CHAIN CAPABILITIES



Building on momentum to improve customer experience and drive expense efficiency, getting orders to the customer faster and at lower cost



Drove 50bps+ improvement in variable supply chain costs in Q4, on top of improvement in '22

TOP PERFORMING CATEGORIES

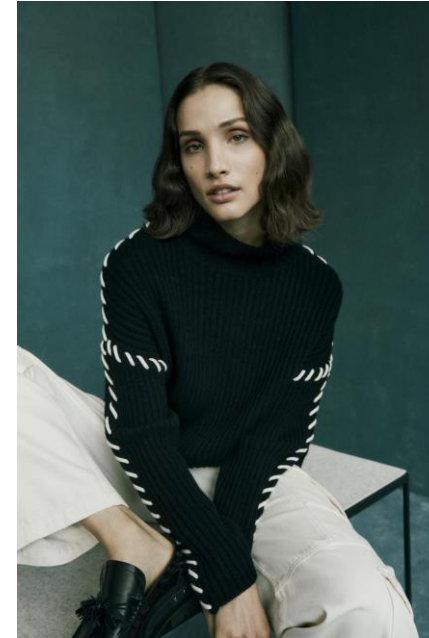
Active



Beauty



Women's apparel



KEY 2024 PRIORITIES

Driving
Nordstrom banner growth

**Optimizing
operationally**

Building on
Rack momentum



DRIVING NORDSTROM BANNER GROWTH

- **Digital-led sales growth supported by stores**
- **Upcoming launch of digital marketplace on Nordstrom.com**
- **Scale use of unowned inventory**
- **Amplify the brands that matter most to our customers, in stores and online**



OPTIMIZING OPERATIONALLY



Build upon supply
chain optimization
success

Drive faster
fulfillment and
delivery

Maximize inventory
value through its
lifecycle

Invest in and scale
technology
enablers like RFID

BUILDING ON RACK MOMENTUM



Store-led sales growth supported by digital

Open 22 new Rack stores in FY24

Continue profitable momentum at NordstromRack.com

CATHY SMITH

CHIEF FINANCIAL OFFICER



Q4 SALES RESULTS



Total JWN

2% ↑

increase in net sales
incl. 460bps positive impact from
53rd week and (250bps) negative
impact from wind-down of Canadian
operations

2% ↓

decrease in digital sales

Nordstrom Banner

3% ↓

decrease in net sales
incl. 410bps positive impact from 53rd
week and (355bps) negative impact from
wind-down of Canadian operations

Rack Banner

15% ↑

increase in net sales
incl. 580bps positive impact from
53rd week

Q4 '23 RESULTS

	Q4		FY23	
	Actuals	Change	Actuals	Change
<i>Better / (Worse)</i>		vs Q4 '22		vs FY22
NET SALES	\$4.29B	2.2%	\$14.22B	(5.8%)
GROSS PROFIT %	34.4%	125bps	34.6%	95bps
SG&A %	32.4%	(85bps)	34.2%	(70bps)
<i>Ex-Q4 '23, Q3 '22, Q1 '22 one-timers¹</i>	31.6%	(10bps)	33.9%	(70bps)
EBIT %	5.0%	55bps	1.8%	(130bps)
ADJUSTED EBIT %²	5.7%	130bps	4.0%	65bps

¹Excludes impacts from Q4 '23 \$32M supply chain asset impairment and related charge, Q3 '22 \$70M supply chain technology and related asset impairment charge, and Q1 '22 \$51M gain on sale of interest of a corporate office building and \$10M Trunk Club impairment.

²Adjusted EBIT is a non-GAAP financial measure. Refer to the "Adjusted EBIT (Non-GAAP Measure)" slide of this presentation for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

2024 OUTLOOK

	FY24
Revenue <i>YoY growth (decline)¹</i>	(2%) to 1%
Comparable sales <i>YoY growth (decline)²</i>	(1%) to 2%
EBIT <i>% of sales</i>	3.5% to 4.0%
Income tax	~27%
Earnings per share <i>Excluding share repurchases, if any</i>	\$1.65 to \$2.05

Considerations

Revenue

- (~135bps) unfavorable impact from 53rd week in FY23
- Lower credit card revenue growth than FY23
- Anniversary Sale shifts into Q2 by 1 week

EBIT

- Slight pressure to margin from retail to cost accounting conversion, which lessens as year progresses

¹Versus the 53-week fiscal 2023.

²Versus 52 weeks in fiscal 2023.

OUR CAPITAL ALLOCATION PRIORITIES REMAIN UNCHANGED

1

REINVEST IN THE BUSINESS

- CAPEX of 3% to 4% of net sales

2

REDUCE LEVERAGE

- Targeting leverage ratio below 2.5x over time
- Through combination of earnings improvement and debt reduction
- Intend to retire April '24 bond using cash on hand

3

RETURN CASH TO SHAREHOLDERS

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

We remain committed to an investment grade credit rating



Q&A

NORDSTROM



ADJUSTED EBIT (NON-GAAP MEASURE)

	Quarter ended February 3, 2024		Year ended February 3, 2024	
	\$M	% of Sales	\$M	% of Sales
Net sales	\$4,293		\$14,219	
Net earnings	\$134	3.1%	\$134	0.9%
Income tax expense	55		13	
Interest expense, net	26		104	
Earnings before interest and income taxes	\$215	5.0%	\$251	1.8%
Supply chain asset impairment and related charge	32		32	
Canada wind-down costs	-		284	
Adjusted EBIT	\$247	5.7%	\$567	4.0%

ADJUSTED EPS (NON-GAAP MEASURE)

	Q4 '23	Q4 '22	FY23	FY22
Diluted EPS	\$0.82	\$0.74	\$0.82	\$1.51
Supply chain asset impairment and related charge	0.19	-	0.19	0.44
Canada wind-down costs	-	-	1.74	-
Trunk Club wind-down costs	-	-	-	0.11
Gain on sale of interest in corporate office building	-	-	-	(0.31)
Income tax impact on adjustments	(0.05)	-	(0.63)	(0.06)
Adjusted EPS	\$0.96	\$0.74	\$2.12	\$1.69