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

FORM 8-K

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

Date of Report (Date of earliest event reported) **May 24, 2022**

NORDSTROM, INC.

(Exact name of registrant as specified in its charter)

Washington	**001-15059**	**91-0515058**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Inapplicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

ITEM 2.02 Results of Operations and Financial Condition

On May 24, 2022, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter ended April 30, 2022, its financial position as of April 30, 2022, and its cash flows for the quarter ended April 30, 2022 ("First Quarter Results"). A copy of this earnings release is furnished as Exhibit 99.1.

ITEM 7.01 Regulation FD Disclosure

On May 24, 2022, Nordstrom, Inc. issued an earnings release announcing its First Quarter Results. A copy of this earnings release is furnished as Exhibit 99.1.

In addition, furnished hereby and incorporated by reference herein is the earnings call commentary on its First Quarter Results and 2022 financial outlook, as posted on the Company's investor relations website, investor.nordstrom.com, on May 24, 2022. A copy of this earnings call commentary is furnished as Exhibit 99.2.

The information furnished in this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by a specific reference in such filing.

ITEM 9.01 Financial Statements and Exhibits

99.1	Nordstrom earnings release dated May 24, 2022 relating to the Company's First Quarter Results
99.2	Nordstrom earnings call commentary relating to the Company's First Quarter Results and 2022 financial outlook
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Ann Munson Steines
Ann Munson Steines
Chief Legal Officer,
General Counsel and Corporate Secretary

Date: May 24, 2022

Exhibit 99.1

NORDSTROM

Nordstrom Reports First Quarter 2022 Earnings

- *Total Company sales increase 19 percent*
- *Both Nordstrom and Nordstrom Rack banners post double-digit sales growth*
- *Board of directors authorizes new $500 million share repurchase program*

SEATTLE – May 24, 2022 – Nordstrom, Inc. (NYSE: JWN) today reported first quarter net earnings of $20 million and earnings per diluted share ("EPS") of $0.13 for the quarter ended April 30, 2022. Excluding a gain on the sale of the Company's interest in a corporate office building and an impairment charge related to a Trunk Club property, the Company posted an adjusted loss per share of $0.06.[1]

Additionally, first quarter EPS was negatively impacted by $0.05 as a result of discrete tax expenses, primarily related to stock-based compensation, which increased the quarterly effective tax rate by 19.3 percent of pretax earnings. The Company continues to expect a full-year income tax rate of approximately 27 percent.

For the first quarter, net sales increased 18.7 percent versus the same period in fiscal 2021, exceeding pre-pandemic sales levels, and gross merchandise value ("GMV") increased 19.6 percent. During the quarter, Nordstrom banner net sales increased 23.5 percent and GMV increased 24.8 percent. Net sales for Nordstrom Rack increased 10.3 percent and continued to show sequential improvement towards pre-pandemic sales levels.

"Our focus on serving the customer through our interconnected model with Nordstrom and Nordstrom Rack, a scaled digital platform and a strong store fleet positioned us to capitalize on demand from customers who shopped for long-awaited occasions and refreshed their closets," said Erik Nordstrom, chief executive officer of Nordstrom, Inc. "In the first quarter, we drove strong topline growth with broad-based improvement across core categories and geographies. Importantly, we made progress on our strategic initiatives and continue to focus on increasing profitability on the path to achieving our financial targets."

In the first quarter, core categories including men's and women's apparel, shoes and designer had the strongest growth against 2021 as customers refreshed their wardrobes for occasions such as social events, travel and return to office. Improvements were broad-based across regions, with urban stores having the strongest growth. Merchandise margins improved as a result of favorable pricing impacts and lower markdown rates.

"Customers remain at the center of everything we do and we continue to provide them with expanded and relevant choices and the differentiated service they expect from us, delivering on our commitment to get 'closer to you'," said Pete Nordstrom, president and chief brand officer of Nordstrom, Inc. "We're pleased with the momentum we're seeing in the business and excited about our plans for the upcoming Anniversary Sale. Looking ahead, we are committed to driving additional merchandise margin improvement and increasing supply chain productivity, to deliver incremental profitability while continuing to elevate the customer experience."

As previously announced on May 18, 2022, the board of directors declared a quarterly cash dividend of $0.19 per share to be paid to shareholders of record at the close of business on May 31, 2022, payable on June 15, 2022. The board of directors also authorized a new $500 million share repurchase program on May 18, 2022.

FIRST QUARTER 2022 SUMMARY

- Total Company net sales increased 18.7 percent and GMV increased 19.6 percent compared with the same period in fiscal 2021.
- For the Nordstrom banner, net sales increased 23.5 percent, exceeding pre-pandemic levels, and GMV increased 24.8 percent compared with the same period in fiscal 2021.
- For the Nordstrom Rack banner, net sales increased 10.3 percent compared with the same period in fiscal 2021, and continued to show sequential improvement towards pre-pandemic sales levels.
- Digital sales were flat compared with the same period in fiscal 2021 as customers increasingly chose to shop in-store. Digital sales represented 39 percent of total sales during the quarter.
- Gross profit, as a percentage of net sales, of 32.8 percent increased 190 basis points compared with the same period

[1]Adjusted loss per share is a non-GAAP financial measure. Refer to the "Adjusted EBIT, Adjusted EBITDA and Adjusted EPS" section of this release for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

in fiscal 2021 due to leverage on buying and occupancy costs and improved merchandise margins from favorable pricing impacts and lower markdown rates.

- Ending inventory increased 23.7 percent compared with the same period in fiscal 2021, versus an 18.7 percent increase in sales. Approximately one-quarter of the change in inventory levels versus 2021 is due to pull-forward of Anniversary Sale receipts.
- Selling, general and administrative expenses, as a percentage of net sales, of 33.6 percent decreased 320 basis points compared with the same period in fiscal 2021 primarily due to leverage on higher sales.
- Earnings before interest and tax ("EBIT") was $73 million in the first quarter of 2022, compared with loss before interest and taxes of $85 million during the same period in fiscal 2021, primarily due to higher sales volume and improved merchandise margins. Adjusted EBIT of $32 million for the first quarter of 2022 excluded a $51 million gain on the sale of the Company's interest in a corporate office building and a $10 million impairment charge related to a Trunk Club property.[2]
- Interest expense, net, of $35 million decreased from $137 million during the same period in fiscal 2021 primarily as a result of a pretax debt refinancing charge of $88 million in the first quarter of 2021.
- Income tax expense was $18 million, or 46.8 percent of pretax earnings, compared with an income tax benefit of $56 million, or 25.4 percent of pretax loss, in the same period in fiscal 2021. Income tax expense in the first quarter of 2022 included discrete tax expense, primarily related to stock-based compensation, which increased the quarterly effective tax rate by 19.3 percent of pretax earnings. The Company continues to expect a full-year income tax rate of approximately 27 percent.
- The Company ended the first quarter with $1.3 billion in available liquidity, including $484 million in cash and the full $800 million available on its revolving line of credit. In May 2022, the Company entered into a new $800 million revolving credit agreement expiring in May 2027, replacing its previous revolving credit agreement that was scheduled to expire in September 2023.

STORES UPDATE

During and subsequent to the first quarter of 2022, the Company opened and announced plans to open and relocate the following stores:

City	Location	Square Footage (000s)	Timing of Opening
ASOS | Nordstrom			
Los Angeles, CA	The Grove	20	May 20, 2022
Nordstrom Rack			
Phoenix, AZ	Desert Ridge Marketplace	23.5	Fall 2022
Riverside, CA	Canyon Springs Marketplace	30	Fall 2022
Birmingham, AL	The Summit (relocation from River Ridge)	27	Spring 2023
Los Angeles, CA	NOHO West	26	Spring 2023

[2]Adjusted EBIT is a non-GAAP financial measure. Refer to the "Adjusted EBIT, Adjusted EBITDA and Adjusted EPS" section of this release for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

The Company had the following store counts as of quarter-end:

	April 30, 2022	May 1, 2021
Nordstrom		
Nordstrom – U.S.	**94**	94
Nordstrom – Canada	**6**	6
Nordstrom Local service hubs	**7**	7
Nordstrom Rack		
Nordstrom Rack – U.S.	**240**	241
Nordstrom Rack – Canada	**7**	7
Last Chance clearance stores	**2**	2
Total	**356**	357
Gross store square footage	**27,555,000**	27,605,000

FISCAL YEAR 2022 OUTLOOK

The Company is updating its outlook to reflect first quarter performance, including a gain on the sale of the Company's interest in a corporate office building and an impairment charge related to a Trunk Club property, resulting in the following financial expectations for fiscal 2022:

- Revenue growth, including retail sales and credit card revenues, of 6 to 8 percent versus fiscal 2021
- EBIT margin of 5.8 to 6.2 percent of sales
- Adjusted EBIT margin of 5.6 to 6.0 percent of sales[3]
- Income tax rate of approximately 27 percent
- EPS of $3.38 to $3.68, excluding the impact of share repurchase activity, if any
- Adjusted EPS of $3.20 to $3.50, excluding the impact of share repurchase activity, if any[3]
- Leverage ratio of approximately 2.5 times by year-end

CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to provide a business update and to discuss first quarter 2022 financial results and fiscal 2022 outlook at 4:45 p.m. EDT today. To listen to the live call online and view the speakers' prepared remarks and the conference call slides, visit the Investor Relations section of the Company's corporate website at investor.nordstrom.com. An archived webcast with the speakers' prepared remarks and the conference call slides will be available in the Quarterly Results section for one year. Interested parties may also dial 201-689-8354. A telephone replay will be available beginning approximately three hours after the conclusion of the call by dialing 877-660-6853 or 201-612-7415 and entering Conference ID 13729631, until the close of business on May 31, 2022.

ABOUT NORDSTROM

At Nordstrom, Inc. (NYSE: JWN), we exist to help our customers feel good and look their best. Since starting as a shoe store in 1901, how to best serve customers has been at the center of every decision we make. This heritage of service is the foundation we're building on as we provide convenience and true connection for our customers. Our digital-first platform enables us to serve customers when, where and how they want to shop – whether that's in-store at more than 350 Nordstrom, Nordstrom Local and Nordstrom Rack locations or digitally through our Nordstrom and Rack apps and websites. Through it all, we remain committed to leaving the world better than we found it.

Certain statements in this press release contain or may suggest "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties that could cause results to be materially different from expectations. The words "will," "may," "designed to," "outlook," "believes," "should," "targets," "anticipates," "assumptions," "plans," "expects" or "expectations," "intends," "estimates," "forecasts," "guidance" and similar expressions identify certain of these forward-looking

[3]Adjusted EBIT margin and adjusted EPS are non-GAAP financial measures. Refer to the "Forward-Looking Non-GAAP Measures" section of this release for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial expectations.

statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this press release or in any other public statements that address such future events or expectations are forward-looking statements. Important factors that could cause actual results to differ materially from these forward-looking statements are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022. These forward-looking statements are not guarantees of future performance and speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited; amounts in millions, except per share amounts)

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Net sales	**$ 3,467**	$ 2,921
Credit card revenues, net	**102**	88
Total revenues	**3,569**	3,009
Cost of sales and related buying and occupancy costs	**(2,331)**	(2,019)
Selling, general and administrative expenses	**(1,165)**	(1,075)
Earnings (loss) before interest and income taxes	**73**	(85)
Interest expense, net	**(35)**	(137)
Earnings (loss) before income taxes	**38**	(222)
Income tax (expense) benefit	**(18)**	56
Net earnings (loss)	**$ 20**	$ (166)
Earnings (loss) per share:		
Basic	**$ 0.13**	$ (1.05)
Diluted	**$ 0.13**	$ (1.05)
Weighted-average shares outstanding:		
Basic	**160.1**	158.5
Diluted	**162.9**	158.5
Percent of net sales:		
Gross profit	**32.8 %**	30.9 %
Selling, general and administrative expenses	**33.6 %**	36.8 %
Earnings (loss) before interest and income taxes	**2.1 %**	(2.9 %)

NORDSTROM, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited; amounts in millions)

	April 30, 2022	January 29, 2022	May 1, 2021
Assets			
Current assets:			
Cash and cash equivalents	**$ 484**	$ 322	$ 377
Accounts receivable, net	**297**	255	238
Merchandise inventories	**2,426**	2,289	1,961
Prepaid expenses and other	**332**	306	923
Total current assets	**3,539**	3,172	3,499
Land, property and equipment (net of accumulated depreciation of $7,834, $7,737 and $7,322)	**3,505**	3,562	3,642
Operating lease right-of-use assets	**1,497**	1,496	1,560
Goodwill	**249**	249	249
Other assets	**384**	390	383
Total assets	**$ 9,174**	$ 8,869	$ 9,333
Liabilities and Shareholders' Equity			
Current liabilities:			
Borrowings under revolving line of credit	**$ —**	$ —	$ 200
Accounts payable	**1,898**	1,529	1,676
Accrued salaries, wages and related benefits	**241**	383	330
Current portion of operating lease liabilities	**250**	242	246
Other current liabilities	**1,198**	1,160	1,056
Current portion of long-term debt	**—**	—	500
Total current liabilities	**3,587**	3,314	4,008
Long-term debt, net	**2,854**	2,853	2,847
Non-current operating lease liabilities	**1,566**	1,556	1,662
Other liabilities	**578**	565	650
Commitments and contingencies			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 160.5, 159.4 and 158.9 shares issued and outstanding	**3,301**	3,283	3,221
Accumulated deficit	**(2,662)**	(2,652)	(2,996)
Accumulated other comprehensive loss	**(50)**	(50)	(59)
Total shareholders' equity	**589**	581	166
Total liabilities and shareholders' equity	**$ 9,174**	$ 8,869	$ 9,333

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited; amounts in millions)

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Operating Activities		
Net earnings (loss)	**$ 20**	$ (166)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expenses	**152**	162
Right-of-use asset amortization	**47**	43
Deferred income taxes, net	**(13)**	8
Stock-based compensation expense	**19**	22
Other, net	**(45)**	86
Change in operating assets and liabilities:		
Accounts receivable	**(18)**	7
Merchandise inventories	**(19)**	(16)
Prepaid expenses and other assets	**(24)**	(126)
Accounts payable	**233**	(296)
Accrued salaries, wages and related benefits	**(143)**	(22)
Other current liabilities	**40**	7
Lease liabilities	**(65)**	(81)
Other liabilities	**3**	8
Net cash provided by (used in) operating activities	**187**	(364)
Investing Activities		
Capital expenditures	**(96)**	(126)
Proceeds from the sale of assets and other, net	**85**	16
Net cash used in investing activities	**(11)**	(110)
Financing Activities		
Proceeds from revolving line of credit	—	200
Proceeds from long-term borrowings	—	675
Principal payments on long-term borrowings	—	(600)
Increase (decrease) in cash book overdrafts	**16**	(17)
Cash dividends paid	**(30)**	—
Proceeds from issuances under stock compensation plans	**8**	7
Tax withholding on share-based awards	**(8)**	(13)
Make-whole premium payment and other, net	—	(85)
Net cash (used in) provided by financing activities	**(14)**	167
Effect of exchange rate changes on cash and cash equivalents	—	3
Net increase (decrease) in cash and cash equivalents	**162**	(304)
Cash and cash equivalents at beginning of period	**322**	681
Cash and cash equivalents at end of period	**$ 484**	$ 377

NORDSTROM, INC.
SUMMARY OF NET SALES
(unaudited; amounts in millions)

Our Nordstrom brand includes Nordstrom.com, TrunkClub.com, Nordstrom-branded U.S. stores, Canada, which includes Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, and Nordstrom Local. Our Nordstrom Rack brand includes NordstromRack.com, Nordstrom Rack-branded U.S. stores and Last Chance clearance stores. The following table summarizes net sales for the first quarter of 2022, compared with the first quarter of 2021:

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Net sales:		
Nordstrom	**$ 2,289**	$ 1,854
Nordstrom Rack	**1,178**	1,067
Total net sales	**$ 3,467**	$ 2,921
Net sales increase:		
Nordstrom	**23.5 %**	36.7 %
Nordstrom Rack	**10.3 %**	59.5 %
Total Company	**18.7 %**	44.2 %
Digital sales as % of total net sales[1]	**39 %**	46 %

[1] 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.

NORDSTROM, INC.
ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED EPS
(NON-GAAP FINANCIAL MEASURES)
(unaudited; amounts in millions except per share amounts)

Adjusted EBIT, Adjusted earnings (loss) before interest, income taxes, depreciation and amortization ("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 earnings. The financial measure calculated under GAAP which is most directly comparable to Adjusted EPS is earnings (loss) per diluted share.

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, overall change in cash, 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 earnings (loss) to Adjusted EBIT and Adjusted EBITDA:

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Net earnings (loss)	**$ 20**	$ (166)
Add (Less): income tax expense (benefit)	**18**	(56)
Add: interest expense, net	**35**	137
Earnings (loss) before interest and income taxes	**73**	(85)
Less: gain on sale of interest in a corporate office building	**(51)**	—
Add: Trunk Club property impairment	**10**	—
Adjusted EBIT	**32**	(85)
Add: depreciation and amortization expenses	**152**	162
Less: amortization of developer reimbursements	**(18)**	(20)
Adjusted EBITDA	**$ 166**	$ 57

The following is a reconciliation of earnings (loss) per diluted share to Adjusted EPS:

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Earnings (loss) per diluted share[1]	**$ 0.13**	$ (1.05)
Add: debt refinancing charges included within interest expense, net	—	0.56
Less: gain on sale of interest in a corporate office building	**(0.32)**	—
Add: Trunk Club property impairment	**0.06**	—
Add (Less): income tax impact on adjustments[2]	**0.07**	(0.15)
Adjusted EPS	**$ (0.06)**	$ (0.64)

[1] Due to the anti-dilutive effect resulting from the adjusted net loss, the impact of potentially dilutive shares on the adjusted per share amounts has been omitted from the calculation of weighted-average shares for earnings (loss) per share for the quarters ended April 30, 2022 and May 1, 2021.
[2] The income tax impact of non-GAAP adjustments is calculated using the estimated tax rate for the respective non-GAAP adjustment.

NORDSTROM, INC.
FISCAL YEAR 2022 FORWARD-LOOKING NON-GAAP MEASURES
(NON-GAAP FINANCIAL MEASURES)
(unaudited)

The Company's 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 the expected full fiscal year 2022 impact associated with a gain on the sale of the Company's interest in a corporate office building and an impairment charge related to a Trunk Club property recognized in the first quarter of 2022.

The following is a reconciliation of net earnings as a percent of net sales to 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	**3.6%**	**3.9%**
Add: income tax expense	1.3%	1.4%
Add: interest expense, net	0.9%	0.9%
Expected earnings before interest and income taxes as a % of net sales	5.8%	6.2%
Less: gain on sale of interest in a corporate office building	(0.3%)	(0.3%)
Add: Trunk Club property impairment	0.1%	0.1%
Expected adjusted EBIT margin	**5.6%**	**6.0%**

The following is a reconciliation of earnings per diluted share to adjusted EPS included within our Fiscal Year 2022 Outlook:

	52 Weeks Ending January 28, 2023	
	Low	**High**
Expected earnings per diluted share	**$ 3.38**	**$ 3.68**
Less: gain on sale of interest in a corporate office building	(0.31)	(0.31)
Add: Trunk Club property impairment	0.06	0.06
Add: income tax impact on adjustments	0.07	0.07
Expected adjusted EPS	**$ 3.20**	**$ 3.50**

NORDSTROM, INC.
ADJUSTED RETURN ON INVESTED CAPITAL (“ADJUSTED ROIC”)
(NON-GAAP FINANCIAL MEASURE)
(unaudited; amounts in millions)

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 is a reconciliation of return on assets to Adjusted ROIC:

	Four Quarters Ended	
	April 30, 2022	**May 1, 2021**
Net earnings (loss)	**$ 364**	$ (334)
Add (Less): income tax expense (benefit)	**142**	(269)
Add: interest expense	**145**	285
Earnings (loss) before interest and income tax expense	**651**	(318)
Add: operating lease interest[1]	**86**	93
Adjusted net operating profit (loss)	**737**	(225)
(Less) Add: estimated income tax (expense) benefit[2]	**(206)**	100
Adjusted net operating profit (loss) after tax	**$ 531**	$ (125)
Average total assets	**$ 9,228**	$ 9,637
Less: average deferred property incentives in excess of operating lease right-of-use (ROU) assets[3]	**(223)**	(265)
Less: average non-interest bearing current liabilities	**(3,347)**	(3,095)
Average invested capital	**$ 5,658**	$ 6,277
Return on assets	**3.9 %**	(3.5 %)
Adjusted ROIC	**9.4 %**	(2.0 %)

[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) benefit is calculated by multiplying the adjusted net operating profit (loss) by the effective tax rate for the trailing twelve month periods ended April 30, 2022 and May 1, 2021. The effective tax rate is calculated by dividing income tax expense (benefit) by earnings (loss) 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 and reduce average total assets, as this better reflects how we manage our business.

NORDSTROM, INC.
ADJUSTED DEBT TO EBITDAR (NON-GAAP FINANCIAL MEASURE)
(unaudited; dollar amounts in millions)

Adjusted Debt to earnings before interest, income taxes, depreciation, amortization and rent ("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 rating 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.

Subsequent to April 30, 2022, we replaced our Revolver which was set to expire in September 2023 with a new Revolver dated May 6, 2022. Under the new Revolver, the covenant calculation was updated to reflect the current lease standard (ASC 842). This change in our Revolver covenant did not have a material impact on our Adjusted Debt to EBITDAR.

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 following is a reconciliation of debt to net earnings to Adjusted Debt to EBITDAR:

	April 30, 2022
Debt	**$ 2,854**
Add: operating lease liabilities	**1,816**
Adjusted Debt	**$ 4,670**

	Four Quarters Ended April 30, 2022
Net earnings	**$ 364**
Add: income tax expense	**142**
Add: interest expense, net	**144**
Adjusted earnings before interest and income taxes	**650**
Add: depreciation and amortization expenses	**604**
Add: operating lease cost	**269**
Add: amortization of developer reimbursements[1]	**76**
Less: other Revolver covenant adjustments[2]	**(32)**
Adjusted EBITDAR	**$ 1,567**
Debt to Net Earnings	**7.8**
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 and certain non-cash charges and other gains and losses where relevant. For the four quarters ended April 30, 2022, other Revolver covenant adjustments included a $51 gain on sale of the Company's interest in a corporate office building.

NORDSTROM, INC.
FREE CASH FLOW (NON-GAAP FINANCIAL MEASURE)
(unaudited; amounts in millions)

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 (used in) operating activities. The following is a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow:

	Quarter Ended	
	April 30, 2022	**May 1, 2021**
Net cash provided by (used in) operating activities	**$ 187**	$ (364)
Less: capital expenditures	**(96)**	(126)
Add (Less): change in cash book overdrafts	**16**	(17)
Free Cash Flow	**$ 107**	$ (507)

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Q1 2022 NORDSTROM EARNINGS CALL — PREPARED REMARKS

ERIK NORDSTROM | CHIEF EXECUTIVE OFFICER

Good afternoon and thank you for joining us today.

Our first quarter results were marked by strong topline growth and continued progress in our transformation.

We know customers look to Nordstrom for the occasions that matter most to them. This quarter, we saw customers shopping for long-anticipated in-person occasions such as social events, travel, and return to office. Beyond occasions, customers also reevaluated and refreshed their wardrobes. We are encouraged by this opportunity, because it favors the core categories of our business and the core capabilities of our service model. We were well positioned to serve this demand and deliver an excellent customer experience, powered by our unique product offering, interconnected model, and strong commitment to customer service. Our integrated digital and physical assets continue to allow us to be nimble and enabled us to quickly adapt to the channel shift in the quarter as customers increasingly chose to shop in-store.

We were staffed, well-stocked, and ready to serve customers as store traffic increased, and our dedicated employees delivered an experience that was clearly reflected in our store-level customer satisfaction scores. Putting the customer first is in our DNA, and our teams continued to exemplify that spirit this quarter. We've always believed that service and selling go together. That was reflected in our team's improved productivity, with 75 percent more Nordstrom salespeople reaching the one million dollar sales mark in 2021, versus 2019. We could not be more proud, and we'd like to thank our outstanding team for their unwavering commitment to serving customers and delivering results.

Turning to first quarter performance, total sales increased 19 percent over the first quarter of 2021. Nordstrom banner sales increased 23 percent over last year and exceeded pre-pandemic levels, an important milestone. Nordstrom banner gross merchandise value, or GMV, increased 25 percent for the first quarter versus the prior year.

As we saw a return to occasions and customers updating their wardrobes, we experienced broad-based growth across core categories and geographies. With customer traffic and activity returning in city centers, Nordstrom urban store sales collectively rebounded and reached pre-pandemic levels. In fact, the Nordstrom Manhattan flagship store had the highest year-over-year sales growth among our stores this quarter. For the Nordstrom banner, the Southern U.S. continued to outperform the Northern U.S., compared to pre-pandemic levels, but the spread tightened to 3 percentage points.

Our team remains focused on building additional capabilities to better serve customers and drive shareholder value, with particular emphasis on three key areas: improving Nordstrom Rack performance, increasing profitability, and optimizing our supply chain and inventory flow.

- Starting with Nordstrom Rack, sales grew 10 percent versus last year, driven by increased store traffic, improved conversion, and better in-stock levels. We also built momentum, with sales increasing as we moved through the quarter.

  By increasing our supply of premium brands and fine tuning our assortment to better align with customer needs, we are achieving a better balance of price points at the Rack. As we've said before, 90 percent of the top brands at Nordstrom are sold at Nordstrom Rack and we believe our work to improve the availability of those brands will fuel Rack's growth.

  And we're pleased with the results of our "More Reasons to Rack" campaign, which drove improved brand awareness, affinity, and traffic.

  As we move through the year, we expect to see continued benefits from our multi-layered plan to both expand our offerings of the most coveted brands we carry, as well as source from new vendors, and increase our use of Pack and Hold inventory, to ensure we have the right selection that our customers want.

  By improving inventory levels, optimizing our assortment, and driving brand awareness and traffic, we are confident that we will profitably grow our Rack business throughout the remainder of the year.

- Turning to profitability, while we drove improvements in both merchandise margin and SG&A this quarter, we are focused on plans to deliver incremental improvements and elevated flowthrough as we move through the rest of the year.
- Within SG&A, we expect that the supply chain optimization workstreams underway will enhance the customer experience, drive topline growth, and produce efficiencies in labor and fulfillment which will compound as we move through the year.
- Pete will take you through our progress to date and plans to drive additional merchandise margin and supply chain improvement in a moment.

In addition to the three focus areas that I've outlined, winning in our most important markets and advancing our digital capabilities are key strategic priorities for us, and we continue to make progress in these areas.

Starting with winning in our most important markets, our market strategy helps us engage with customers through better service and greater access to product, no matter how they choose to shop. By leveraging a strong store fleet and linking our omnichannel capabilities at the market level, we deliver a level of convenience and connection that our customers enjoy. Throughout our market strategy rollout, we've seen the power of offering additional pickup options. Customers clearly value our interconnected model, with order pickup comprising 10 percent of Nordstrom.com demand this quarter, an increase of 200 basis points versus the prior year. In Q2, we'll continue to scale our market strategy by expanding next day order pickup capabilities to over 60 additional Rack stores in our top 20 markets.

Customers utilizing in-store pickup have higher engagement and spend 3.5 times more than customers who don't utilize the service. Buy Online Pick Up In Store also remains our most profitable customer journey and one of our highest satisfaction customer experiences.

Our styling program also continues to be a powerful engagement driver as we deliver convenience and build deeper customer connections through our Closer to You strategy. As we position our styling program for further growth, we are sunsetting Trunk Club and redirecting our resources to the services that our customers tell us they value most. I want to be clear – this move reflects our belief and commitment to styling, and we are dedicated to growing and investing in these services. We have a range of styling services from low touch outfit inspiration through our digital channels to a high-touch and personalized relationship with a stylist, all of which achieve high customer satisfaction scores. We are directing our investment towards these programs to ensure that we are well-positioned to serve customer needs and drive growth.

Customers spend 7 times more and report higher levels of satisfaction when engaging with a stylist either in-store or online. While we still see the highest number of customers engage with our in-person styling, we are seeing rapid growth within our digital services. We continue to leverage data science and advance our digital tools, including virtual styleboards, to empower our stylists with highly relevant recommendations for their customers.

With more customers returning to stores this quarter, digital sales were flat versus the first quarter of 2021. Digital remains an important part of the business, with 39 percent penetration, and digital capabilities are an important part of our in-store experience. We'll continue to leverage our digital platforms to deliver personalization at scale, especially as we connect with customers through our upcoming Anniversary Sale in the second quarter.

We are excited about our plans for the year and the progress we're making on our transformation. Investments in our market strategy and digital assets put us in a strong position to capitalize on favorable market opportunities as events and overall demand continue to recover. Beyond topline growth, we've made progress improving merchandise margin and driving SG&A efficiency, and we have specific workstreams in place to drive incremental improvement in the second half of the year. We have line of sight to achieving the financial targets outlined at our 2021 Investor Event and remain committed to shareholder value creation. We look forward to sharing our continued progress in the quarters ahead.

With that, I'll turn it over to Pete.

PETE NORDSTROM | PRESIDENT AND CHIEF BRAND OFFICER

Thanks, Erik, and good afternoon everyone.

I'll start by talking about our category performance this quarter, then give you an update on our work to increase gross margin, improve supply chain and inventory flow, and evolve our merchandising model.

Starting with the category performance …

- We were excited to see customers shopping for events and updating their closets this quarter, and we were ready to serve them with the best product and selection across the brands that matter most to them.
- Men's Apparel was our strongest category this quarter. More broadly, both Men's and Women's Apparel had double-digit growth over last year and sales that exceeded pre-pandemic levels.

  Strength in Men's and Women's Apparel was driven especially by suiting and dresses. While we always strive for balance across all relevant categories, it is true that event and occasion-based categories are important to our customers and represent a significant portion of our business. We also offer differentiated services such as styling and alterations that help customers to feel good and look their best as they prepare for important occasions.

  The apparel demand we saw this quarter goes beyond occasions, though. We also saw robust demand for wardrobe refreshes, especially for the spring and summer seasons.
- Shoes had strong double-digit growth with increased demand across formal, casual, and athletic styles.
- Our Designer offering across all categories continued to perform very well, also posting strong double-digit growth and sales significantly above pre-pandemic levels.

Turning now to our initiatives.

We put the customer at the center of everything we do, and our strategic initiatives in merchandising and supply chain are designed to optimize the customer experience resulting in increased profitability.

This quarter, we continued our progress in improving our merchandise margins. Our team used advanced analytics to better understand customer needs, find opportunities to improve our assortment and presentation, and optimize markdowns. We also increased average retail prices, without seeing a negative impact on transaction volumes. We're very encouraged by our Q1 results and the additional opportunities we've identified for the rest of the year.

To provide the most relevant, curated assortment for our customers, we're also using analytics and consumer insights as part of our category work to improve decision-making around our assortment and allocation of inventory.

Beyond merchandising capabilities, we're also working on our supply chain and inventory flow.

We recognize the critical strategic and operational importance of supply chain, especially amid the broader supply chain challenges facing our industry. As a result, we identified opportunities across our network to improve efficiencies and capabilities, which ultimately improves our service to customers. We have four initiatives in flight:

- First, improving the consistency and predictability of unit flow through our network,
- Second, increasing productivity in our distribution and fulfillment centers,
- Third, accelerating delivery speed,
- And finally, expanding the market-level selection for in-store shopping as well as same day and next day pickup.

We believe these actions will improve the customer experience, increase sell-through, reduce markdowns, and drive expense savings. While we still have work to do, we are encouraged by early results and we expect to see more significant benefits in the second half of this year.

We also continue to evolve our merchandising model to improve customers' choices while increasing relevance.

- Alternative partnership models represented 12 percent of Nordstrom banner GMV this quarter as we continue to provide newness and selection by partnering with brands in new ways, beyond the legacy wholesale model.
- We're also excited about our new brand launches. In the second quarter, we are launching Allbirds, a compelling fashion-forward, sustainable shoe brand. Nordstrom will be one of Allbirds' few key retail partners. Beginning June 1, we will offer men's and women's styles in select stores, with plans to launch on Nordstrom.com later this summer.
- And we've also expanded our ASOS partnership, opening a new store at the Grove in Los Angeles last Friday, specifically designed to engage young adult customers. This is the first ASOS co-branded physical retail location and our first representation of a full ASOS in-person shopping experience. We had a great customer response to the launch and we are excited for the opportunity ahead with this partnership.
- We are expanding our choice count to grow wallet share with both existing and new customers. We enter Q2 with record high choice count and we'll continue to use our category management process and enhanced analytics to offer more choices while increasing relevance.

As we look ahead to the second quarter, we are excited to serve our customers at our Anniversary Sale and believe that they will benefit from the timing of the event as they return to events and update their wardrobes.

As always, our Anniversary Sale rewards and engages our loyal customers with brand new product from the best brands at reduced prices for a limited time.

To deliver an even more compelling and profitable event, each year, we look to make continuous improvement, using data science and consumer insights to identify the most successful components of past events and identify new opportunities for the upcoming year. For example, we're leveraging advanced analytics to inform the right depth and breadth of offers to drive profitable sales for this year's event. We have also put considerable effort into tracking Anniversary product and pulling forward receipts, which we expect will result in improved inventory flow and allocation, better sell through, and an enhanced customer experience.

With this year's Anniversary Sale, we're focusing on new and highly coveted brands, bringing back in-store events, and launching a new digital catalog.

We are excited about our approach to Anniversary, and the opportunity for us to provide a unique experience for our loyal customers while introducing new customers to Nordstrom.

In closing, with the work underway, we are confident in our ability to transform our business, deliver an even better customer experience, and improve our efficiency and productivity.

I'll now turn it over to Anne to discuss our financial results.

ANNE BRAMMAN | CHIEF FINANCIAL OFFICER

Thank you, Pete.

I'd like to begin with a review of our results, then take you through our outlook for the remainder of the year.

Earnings for the first quarter were 13 cents per diluted share. After excluding a gain on the sale of our interest in a corporate office building and an impairment charge related to a Trunk Club property, Adjusted EPS was a loss of 6 cents. Our first quarter earnings were negatively impacted by 5 cents per share due to discrete tax expenses, primarily related to stock-based compensation, which we do not expect to impact our full year projected rate of 27 percent.

Overall, net sales increased 19 percent in the first quarter.

Nordstrom banner sales increased 23 percent, while GMV increased 25 percent, with both exceeding pre-pandemic levels.

Nordstrom Rack sales increased 10 percent in the first quarter driven by increased store traffic, improved conversion, and better in-stock levels.

Digital sales were flat compared to the first quarter of 2021, as customers increasingly chose to shop in-store.

As contemplated in our guidance, we took retail price increases this quarter in response to inflationary pressure and higher MSRP prices from our vendors. At Nordstrom Rack, through our strategic pricing actions, we raised prices on items with the lowest elasticities. Across both banners, we saw minimum unit impact from these pricing actions. This quarter, our sales growth was supported by pricing actions, favorable mix shift, and transaction growth.

At this point, we have not seen inflationary cost pressures adversely impact customer spending which we believe is due to the higher income profile and resiliency of our customer base. This quarter, both customer counts and spend per customer increased versus the prior year.

Gross profit, as a percentage of net sales, increased 190 basis points, primarily due to leverage on buying and occupancy costs and improved merchandise margins largely driven by favorable pricing impacts and lower markdown rates.

Ending inventory increased 24 percent, with approximately one quarter of the inventory increase due to pull-forward of Anniversary Sale receipts. As Pete indicated, we have taken steps to improve our tracking of Anniversary product and receive inventory earlier, which we expect will improve flow and sell through. As a result, we believe we are well-positioned for our upcoming Anniversary Sale.

Total SG&A as a percentage of net sales decreased 320 basis points in the first quarter primarily due to leverage on higher sales. However, we continue to see pressure in labor and fulfillment and we've been working since last year to deliver offsets through our supply chain optimization initiatives. We expect that benefits from supply chain optimization will build as we move through the year.

EBIT margin was 2.1 percent of sales for the first quarter. After excluding the gain on the sale of our interest in a corporate office building and the Trunk Club impairment charge, Adjusted EBIT margin was 0.9 percent.

We continued to strengthen our financial position, ending the first quarter with $1.3 billion in available liquidity, including $484 million in cash and the full $800 million available on our revolving line of credit. This month, we entered into a new $800 million revolving credit agreement, replacing the previous agreement that was scheduled to expire in September 2023. The new agreement is another milestone in improving our capital structure post-pandemic, providing additional flexibility as we go forward.

Now turning to our updated outlook for fiscal 2022. I'd like to begin by describing the macroeconomic backdrop contemplated in our outlook.

We continue to be encouraged by the momentum in our business as customers update their wardrobes and prepare for long-awaited occasions. To date, we haven't seen an adverse impact on customer spending from inflationary pressures, which we suspect is due to the higher income profile of our customer base.

We continue to see macro-related cost pressure in labor and fulfillment, which we factored into our guidance, along with offsetting benefits from our supply chain optimization initiatives. At the same time, we continue to consider macroeconomic headwinds including the potential of more pronounced inflation impacts and supply chain disruption, both to our customer as well as our margins.

Taking all these factors into consideration, we are updating our 2022 guidance to reflect our first quarter topline performance, which exceeded our expectations, while holding assumptions for the second quarter and the rest of the year consistent with our previous guidance.

For fiscal year 2022, we now expect revenue growth of 6 to 8 percent versus 2021. We continue to expect Adjusted EBIT margin of approximately 5.6 to 6.0 percent for the full year.

Our forecast assumes that year over year improvements in both Gross Profit margin and SG&A leverage will be significant contributors to 2022 Adjusted EBIT margin. Improvements in both Gross Profit margin and SG&A will be driven by leverage on higher sales, especially in the first half of the year, and benefits from our strategic initiatives which will build throughout the year.

All said, we expect similar levels of Adjusted EBIT margin improvement between the first and second halves of the year, compared to 2021.

Our effective tax rate is expected to be approximately 27 percent for the fiscal year.

We now expect Adjusted EPS of $3.20 to $3.50. Our outlook excludes the impact of any share repurchases.

I'd also like to provide some additional detail on our forecast for the second quarter. We anticipate that second quarter revenue growth will be approximately half that of the first quarter. Our projections include the impact of one week of our Anniversary Sale shifting into the second quarter, which adds approximately 200 basis points of revenue growth to the quarter. We expect that our second quarter EBIT margin will approach 2019 levels and that our tax rate will be roughly in line with our full year rate of 27 percent.

Shifting to capital allocation, our first priority is investment in the business to better serve our customers and support long term growth. We're planning capital expenditures at normalized levels of 3 to 4 percent primarily to support supply chain and technology capabilities.

Our second priority is reducing our leverage. We are committed to an investment grade credit rating and remain on track to decrease our leverage ratio to approximately 2.5 times by the end of 2022.

Our third priority is returning cash to shareholders. This quarter, we resumed our quarterly cash dividend, and last week, our Board of Directors declared a quarterly cash dividend of $0.19 per share. Our Board also authorized a new $500 million share repurchase program. We plan to take a measured approach to share repurchases this year, aligning with our cash flow and market conditions.

In closing, we are very pleased to see the momentum in our business and customers reengaging with our core categories. We made the right investments to prepare for this shift and we are well prepared to serve our customers in the moments that matter most to them. We are very excited about the momentum in our business and our plans to deliver shareholder value over the long term.