

NORDSTROM

Nordstrom Reports Second Quarter 2023 Earnings

- *Reports EPS of \$0.84, compared to EPS of \$0.77 and adjusted EPS of \$0.81 in the prior year¹*
- *Results reflect continued progress on Company's key priorities of Nordstrom Rack improvement, inventory productivity and supply chain optimization*
- *Reaffirms fiscal 2023 revenue and adjusted earnings outlook*

SEATTLE – August 24, 2023 – Nordstrom, Inc. (NYSE: JWN) today reported second quarter net earnings of \$137 million, or earnings per diluted share (“EPS”) of \$0.84, and earnings before interest and taxes (“EBIT”) of \$192 million.

For the second quarter ended July 29, 2023, net sales decreased 8.3 percent versus the same period in fiscal 2022, compared to a decrease of 11.6 percent in the first quarter, reflecting sequential improvement in sales at both Nordstrom and Nordstrom Rack. Gross merchandise value (“GMV”) decreased 8.5 percent. Second quarter net sales include a 275 basis point negative impact from the wind-down of Canadian operations. Anniversary Sale timing, with one week shifting from the second quarter to the third quarter, had a negative impact of approximately 200 basis points on net sales compared with 2022. Excluding the impacts of the Canadian wind-down and Anniversary Sale timing shift, net sales would have been down approximately 4 percent. During the quarter, Nordstrom banner net sales decreased 10.1 percent and GMV decreased 10.4 percent. Net sales for Nordstrom Rack decreased 4.1 percent.

“We’ve worked hard to improve our operating model, and our solid results reflect the continued progress we made against our top priorities to improve Nordstrom Rack performance, increase inventory productivity and deliver efficiencies through supply chain optimization,” said Erik Nordstrom, chief executive officer of Nordstrom, Inc. “These 2023 priorities improve the way we operate and drive profitability in the near term, and better position us to succeed and deliver value to our shareholders in the long-term. Looking ahead, we remain confident in our ability to deliver on these priorities, all while keeping the customer at the center of everything we do.”

In the second quarter, active and beauty grew by low single-digits versus 2022. Kids’ apparel and men’s apparel performed better than average for the quarter.

“Our annual Anniversary Sale was a successful event, especially among our most loyal customers. We were pleased by strong sell-through of new merchandise from the best brands, both in stores and online,” said Pete Nordstrom, president and chief brand officer of Nordstrom, Inc. “In the second quarter, we were also encouraged by sequential improvement in sales trends at both Nordstrom and Rack. We remain focused on managing inventory with greater discipline, improving mix and productivity, and thank our teams for their hard work in bringing it all to life for our customers.”

As previously announced, on August 16, 2023, the board of directors declared a quarterly cash dividend of \$0.19 per share, payable on September 13, 2023, to shareholders of record at the close of business on August 29, 2023.

SECOND QUARTER 2023 SUMMARY

- Total Company net sales decreased 8.3 percent, improving sequentially from the first quarter decrease of 11.6 percent, and GMV decreased 8.5 percent compared with the same period in fiscal 2022. The wind-down of Canadian operations had a negative impact on total Company net sales of 275 basis points. The second quarter of 2023 included no sales from Canadian operations, compared with a full quarter of sales from Canadian operations in the second quarter of 2022. The timing shift of the Anniversary Sale, with roughly one week falling into the third quarter of 2023 versus one day in 2022, had a negative impact on net sales of approximately 200 basis points compared with the second quarter of 2022.
- For the Nordstrom banner, net sales decreased 10.1 percent, improving sequentially from the first quarter decrease of 11.4 percent, and GMV decreased 10.4 percent compared with the same period in fiscal 2022. The wind-down of Canadian operations had a negative impact on Nordstrom banner net sales of 400 basis points. The timing shift of the Anniversary Sale had a negative impact on Nordstrom banner net sales of approximately 300 basis points compared with the second quarter of 2022.
- For the Nordstrom Rack banner, net sales decreased 4.1 percent compared with the same period in fiscal 2022, improving sequentially from the first quarter decrease of 11.9 percent. Eliminating store fulfillment for Nordstrom

¹Adjusted EPS is a non-GAAP financial measure. Refer to the “Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin and Adjusted EPS” section of this release for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial results.

Rack digital orders during the third quarter of fiscal 2022 negatively impacted second quarter Rack banner sales by approximately 500 basis points.

- Digital sales decreased 12.9 percent compared with the same period in fiscal 2022. Collectively, eliminating store fulfillment for Nordstrom Rack digital orders during the third quarter of fiscal 2022 and sunsetting Trunk Club during the second quarter of fiscal 2022 negatively impacted second quarter digital sales by approximately 500 basis points. The timing shift of the Anniversary Sale had a negative impact on Company digital sales of approximately 300 basis points compared with the second quarter of 2022. Digital sales represented 36 percent of total sales during the quarter.
- Gross profit, as a percentage of net sales, of 35.0 percent decreased 20 basis points compared with the same period in fiscal 2022 primarily due to deleverage on lower sales, partially offset by lower buying and occupancy costs.
- Ending inventory decreased 17.5 percent compared with the same period in fiscal 2022, versus an 8.3 percent decrease in sales, reflecting continued strong discipline.
- SG&A expenses, as a percentage of net sales, of 32.8 percent was flat compared with the same period in fiscal 2022 primarily due to improvements in variable costs from supply chain efficiency initiatives and more favorable carrier rates than expected, and a gain on the sale of a real estate asset. These were offset by higher labor costs and deleverage from lower sales.
- EBIT was \$192 million in the second quarter of 2023, compared with \$202 million during the same period in fiscal 2022. Adjusted EBIT of \$210 million in the second quarter of 2022 excluded costs associated with the wind-down of Trunk Club.²
- Interest expense, net, of \$26 million decreased from \$34 million during the same period in fiscal 2022 due to higher interest income.
- Income tax expense was \$29 million, or 17.2 percent of pretax earnings, compared with income tax expense of \$42 million, or 25.2 percent of pretax earnings, in the same period in fiscal 2022. The decrease in the second quarter of fiscal 2023 was driven by the favorable resolution of certain tax matters.
- The Company ended the second quarter with \$1.7 billion in available liquidity, including \$885 million in cash and the full \$800 million available on its revolving line of credit.

STORES UPDATE

To date in fiscal 2023, the Company has opened or relocated nine stores:

| City | Location | Square Footage (000s) | Timing of Opening |
|-----------------------|--|-----------------------|-------------------|
| Nordstrom Rack | | | |
| Los Angeles, CA | NOHO West | 26 | April 13, 2023 |
| Clovis, CA | Clovis Crossing | 31 | April 13, 2023 |
| Delray Beach, FL | Delray Place | 26 | May 11, 2023 |
| Chattanooga, TN | The Terrace at Hamilton Place | 24 | May 18, 2023 |
| Las Vegas, NV | Best in the West | 31 | May 18, 2023 |
| Birmingham, AL | The Summit (relocation from River Ridge) | 27 | May 25, 2023 |
| Wichita, KS | Bradley Fair | 28 | May 25, 2023 |
| San Clemente, CA | San Clemente Plaza | 32 | May 25, 2023 |
| Aurora, CO | Southlands | 30 | August 17, 2023 |

²Adjusted EBIT is a non-GAAP financial measure. Refer to the “Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin 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 has also announced plans to open the following stores:

| City | Location | Square Footage (000s) | Timing of Opening |
|------------------------|-------------------------------------|--------------------------|----------------------|
| Nordstrom Rack | | | |
| Union Gap, WA | Valley Mall | 28 | Fall 2023 |
| Olympia, WA | Cooper Point Marketplace | 32 | Fall 2023 |
| Salem, OR | Willamette Town Center | 25 | Fall 2023 |
| Anaheim Hills, CA | Anaheim Hills Festival | 24 | Fall 2023 |
| Overland Park, KS | Overland Crossing | 27 | Fall 2023 |
| San Luis Obispo, CA | SLO Promenade | 24 | Fall 2023 |
| Allen, TX | The Village at Allen | 29 | Fall 2023 |
| Visalia, CA | Sequoia Mall | 29 | Fall 2023 |
| Denton, TX | Denton Crossing | 25 | Fall 2023 |
| Sacramento, CA | The Promenade at Sacramento Gateway | 26 | Fall 2023 |
| San Antonio, TX | Northwoods | 35 | Fall 2023 |
| Pinole, CA | Pinole Vista Crossing | 23 | Spring 2024 |
| Kennesaw, GA | Barrett Place | 25 | Spring 2024 |
| Elk Grove, CA | The Ridge Elk Grove | 25 | Spring 2024 |
| Gilroy, CA | Gilroy Crossing | 25 | Spring 2024 |
| Oceanside, CA | Pacific Coast Plaza | 31 | Spring 2024 |
| Wheaton, IL | Danada Square East | 29 | Spring 2024 |
| Snellville, GA | Presidential Markets | 35 | Spring 2024 |
| Macedonia, OH | Macedonia Gateway | 28 | Spring 2024 |
| Jacksonville Beach, FL | South Beach Regional | 30 | Spring 2024 |
| Queen Creek, AZ | Queen Creek Marketplace | 28 | Spring 2024 |
| San Mateo, CA | Bridgepointe Shopping Center | 36 | Fall 2024 |
| Davis, CA | The Davis Collection | 25 | Spring 2025 |

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

| | July 29, 2023 | July 30, 2022 |
|-----------------------------------|-------------------|-------------------|
| Nordstrom | | |
| Nordstrom – U.S. | 94 | 94 |
| Nordstrom – Canada | — | 6 |
| Nordstrom Local service hubs | 7 | 7 |
| ASOS Nordstrom | 1 | 1 |
| Nordstrom Rack | | |
| Nordstrom Rack – U.S. | 247 | 240 |
| Nordstrom Rack – Canada | — | 7 |
| Last Chance clearance stores | 2 | 2 |
| Total | 351 | 357 |
| Gross store square footage | 26,348,000 | 27,555,000 |

During the second quarter, the Company closed one U.S. Nordstrom Rack store.

FISCAL YEAR 2023 OUTLOOK

The Company reaffirmed its revenue and adjusted financial outlook for fiscal 2023, which includes a 53rd week:

- Revenue decline, including retail sales and credit card revenues, of 4.0 to 6.0 percent versus fiscal 2022, including an approximately 250 basis point negative impact from the wind-down of Canadian operations and an approximately 130 basis point positive impact from the 53rd week
- EBIT margin (including the negative impact of charges related to the wind-down of Canadian operations) of 1.5 to 2.0 percent of sales
- Adjusted EBIT margin (excluding charges related to the wind-down of Canadian operations) of 3.7 to 4.2 percent of sales³
- Income tax rate of approximately 6 percent, including an approximately 2,100 basis point favorable impact primarily from the one-time Canada charges
- EPS (including the negative impact of charges related to the wind-down of Canadian operations) of \$0.60 to \$1.00, excluding the impact of share repurchase activity, if any
- Adjusted EPS (excluding charges related to the wind-down of Canadian operations) of \$1.80 to \$2.20, excluding the impact of share repurchase activity, if any³

CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to provide a business update and to discuss second quarter 2023 financial results and fiscal 2023 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 13740522, until the close of business on August 31, 2023.

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 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 28, 2023, and our Form 10-Qs for the fiscal quarters ended April 29, 2023 and July 29, 2023, to be filed with the SEC on or about September 1, 2023. In addition, forward-looking statements contained in this release may be impacted by the actual outcome of events or occurrences related to the wind-down of business operations in Canada. 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. In addition, the actual timing, price, manner and amounts of future share repurchases, if any, will be subject to the discretion of our board of directors, contractual commitments, market and economic conditions and applicable Securities and Exchange Commission rules.

³Adjusted 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.

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited; amounts in millions, except per share amounts)

| | Quarter Ended | | Six Months Ended | |
|--|----------------|---------------|------------------|---------------|
| | July 29, 2023 | July 30, 2022 | July 29, 2023 | July 30, 2022 |
| Net sales | \$3,662 | \$3,991 | \$6,726 | \$7,458 |
| Credit card revenues, net | 110 | 104 | 227 | 207 |
| Total revenues | 3,772 | 4,095 | 6,953 | 7,665 |
| Cost of sales and related buying and occupancy costs | (2,380) | (2,586) | (4,407) | (4,917) |
| Selling, general and administrative expenses | (1,200) | (1,307) | (2,304) | (2,473) |
| Canada wind-down costs | — | — | (309) | — |
| Earnings (loss) before interest and income taxes | 192 | 202 | (67) | 275 |
| Interest expense, net | (26) | (34) | (54) | (69) |
| Earnings (loss) before income taxes | 166 | 168 | (121) | 206 |
| Income tax (expense) benefit | (29) | (42) | 54 | (60) |
| Net earnings (loss) | \$137 | \$126 | (\$67) | \$146 |
| Earnings (loss) per share: | | | | |
| Basic | \$0.85 | \$0.78 | (\$0.42) | \$0.91 |
| Diluted | \$0.84 | \$0.77 | (\$0.42) | \$0.90 |
| Weighted-average shares outstanding: | | | | |
| Basic | 161.7 | 160.6 | 161.3 | 160.3 |
| Diluted | 163.2 | 162.9 | 161.3 | 162.9 |
| Percent of net sales: | | | | |
| Gross profit | 35.0% | 35.2% | 34.5% | 34.1% |
| Selling, general and administrative expenses | 32.8% | 32.8% | 34.3% | 33.2% |
| Earnings (loss) before interest and income taxes | 5.3% | 5.1% | (1.0%) | 3.7% |

NORDSTROM, INC.
CONSOLIDATED BALANCE SHEETS

(unaudited; amounts in millions)

| | July 29, 2023 | January 28, 2023 | July 30, 2022 |
|---|----------------|------------------|----------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$885 | \$687 | \$494 |
| Accounts receivable, net | 246 | 265 | 300 |
| Merchandise inventories | 1,979 | 1,941 | 2,399 |
| Prepaid expenses and other current assets | 400 | 316 | 408 |
| Total current assets | 3,510 | 3,209 | 3,601 |
| Land, property and equipment (net of accumulated depreciation of \$8,254, \$8,289 and \$7,943) | 3,181 | 3,351 | 3,443 |
| Operating lease right-of-use assets | 1,381 | 1,470 | 1,466 |
| Goodwill | 249 | 249 | 249 |
| Other assets | 480 | 466 | 403 |
| Total assets | \$8,801 | \$8,745 | \$9,162 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$1,434 | \$1,238 | \$1,747 |
| Accrued salaries, wages and related benefits | 375 | 291 | 302 |
| Current portion of operating lease liabilities | 224 | 258 | 253 |
| Other current liabilities | 1,264 | 1,203 | 1,254 |
| Current portion of long-term debt | 249 | — | — |
| Total current liabilities | 3,546 | 2,990 | 3,556 |
| Long-term debt, net | 2,609 | 2,856 | 2,853 |
| Non-current operating lease liabilities | 1,392 | 1,526 | 1,526 |
| Other liabilities | 580 | 634 | 564 |
| Commitments and contingencies | | | |
| Shareholders' equity: | | | |
| Common stock, no par value: 1,000 shares authorized; 161.7, 160.1 and 159.8 shares issued and outstanding | 3,388 | 3,353 | 3,314 |
| Accumulated deficit | (2,717) | (2,588) | (2,601) |
| Accumulated other comprehensive gain (loss) | 3 | (26) | (50) |
| Total shareholders' equity | 674 | 739 | 663 |
| Total liabilities and shareholders' equity | \$8,801 | \$8,745 | \$9,162 |

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; amounts in millions)

| | Six Months Ended | |
|--|------------------|---------------|
| | July 29, 2023 | July 30, 2022 |
| Operating Activities | | |
| Net (loss) earnings | (\$67) | \$146 |
| Adjustments to reconcile net (loss) earnings to net cash provided by operating activities: | | |
| Depreciation and amortization expenses | 285 | 301 |
| Canada wind-down costs | 220 | — |
| Right-of-use asset amortization | 86 | 93 |
| Deferred income taxes, net | (17) | (31) |
| Stock-based compensation expense | 28 | 39 |
| Other, net | (47) | (41) |
| Change in operating assets and liabilities: | | |
| Merchandise inventories | (78) | (38) |
| Other current and noncurrent assets | (81) | (116) |
| Accounts payable | 99 | 133 |
| Accrued salaries, wages and related benefits | 89 | (82) |
| Lease liabilities | (134) | (133) |
| Other current and noncurrent liabilities | 82 | 102 |
| Net cash provided by operating activities | 465 | 373 |
| Investing Activities | | |
| Capital expenditures | (225) | (215) |
| Decrease in cash and cash equivalents resulting from Canada deconsolidation | (33) | — |
| Proceeds from the sale of assets and other, net | 29 | 82 |
| Net cash used in investing activities | (229) | (133) |
| Financing Activities | | |
| Change in cash book overdrafts | 18 | 36 |
| Cash dividends paid | (61) | (60) |
| Payments for repurchase of common stock | (1) | (35) |
| Proceeds from issuances under stock compensation plans | 13 | 9 |
| Other, net | (7) | (18) |
| Net cash used in financing activities | (38) | (68) |
| Net increase in cash and cash equivalents | 198 | 172 |
| Cash and cash equivalents at beginning of period | 687 | 322 |
| Cash and cash equivalents at end of period | \$885 | \$494 |

NORDSTROM, INC.

ADJUSTED EBIT, ADJUSTED EBITDA, ADJUSTED EBIT MARGIN AND ADJUSTED EPS (NON-GAAP FINANCIAL MEASURES)

(unaudited; amounts in millions, except per share amounts)

The following 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, adjusted EBIT margin 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 (loss). The financial measure calculated under GAAP which is most directly comparable to adjusted EBIT margin is net earnings as a percent of net sales. The financial measure calculated under GAAP which is most directly comparable to adjusted EPS is diluted EPS.

Adjusted EBIT, adjusted EBITDA, adjusted EBIT margin 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, net earnings as a percent of net sales, operating cash flows, earnings per share, earnings 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 and net earnings as a percent of net sales to adjusted EBIT margin:

| | Quarter Ended | | Six Months Ended | |
|---|----------------|---------------|------------------|---------------|
| | July 29, 2023 | July 30, 2022 | July 29, 2023 | July 30, 2022 |
| Net earnings (loss) | \$137 | \$126 | (\$67) | \$146 |
| Income tax expense (benefit) | 29 | 42 | (54) | 60 |
| Interest expense, net | 26 | 34 | 54 | 69 |
| Earnings (loss) before interest and income taxes | 192 | 202 | (67) | 275 |
| Canada wind-down costs | — | — | 309 | — |
| Trunk Club wind-down costs | — | 8 | — | 18 |
| Gain on sale of interest in a corporate office building | — | — | — | (51) |
| Adjusted EBIT | 192 | 210 | 242 | 242 |
| Depreciation and amortization expenses | 141 | 149 | 285 | 301 |
| Amortization of developer reimbursements | (17) | (18) | (35) | (37) |
| Adjusted EBITDA | \$316 | \$341 | \$492 | \$506 |
| Net sales | \$3,662 | \$3,991 | \$6,726 | \$7,458 |
| Net earnings (loss) as a % of net sales | 3.8% | 3.1% | (1.0%) | 2.0% |
| EBIT margin % | 5.3% | 5.1% | (1.0%) | 3.7% |
| Adjusted EBIT margin % | 5.3% | 5.3% | 3.6% | 3.2% |

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

| | Quarter Ended | | Six Months Ended | |
|---|---------------|---------------|------------------|---------------|
| | July 29, 2023 | July 30, 2022 | July 29, 2023 | July 30, 2022 |
| Diluted EPS | \$0.84 | \$0.77 | (\$0.42) | \$0.90 |
| Canada wind-down costs | — | — | 1.91 | — |
| Trunk Club wind-down costs | — | 0.05 | — | 0.11 |
| Gain on sale of interest in a corporate office building | — | — | — | (0.31) |
| Income tax impact on adjustments ¹ | — | (0.01) | (0.58) | 0.05 |
| Adjusted EPS | \$0.84 | \$0.81 | \$0.91 | \$0.75 |

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

NORDSTROM, INC.
SUMMARY OF NET SALES

(unaudited; amounts in millions)

Our Nordstrom brand includes Nordstrom.com, Nordstrom U.S. stores, Nordstrom Local and ASOS | Nordstrom. Nordstrom also included Canada operations prior to March 2, 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, and TrunkClub.com prior to October 2022. Our Nordstrom Rack brand includes NordstromRack.com, Nordstrom Rack U.S. stores and Last Chance clearance stores. The following table summarizes net sales for the quarter and six months ended July 29, 2023, compared with the quarter and six months ended July 30, 2022:

| | Quarter Ended | | Six Months Ended | |
|--|----------------|---------------|------------------|---------------|
| | July 29, 2023 | July 30, 2022 | July 29, 2023 | July 30, 2022 |
| Net sales: | | | | |
| Nordstrom | \$2,491 | \$2,771 | \$4,518 | \$5,060 |
| Nordstrom Rack | 1,171 | 1,220 | 2,208 | 2,398 |
| Total net sales | \$3,662 | \$3,991 | \$6,726 | \$7,458 |
| Net sales (decrease) increase: | | | | |
| Nordstrom | (10.1%) | 14.7% | (10.7%) | 18.5% |
| Nordstrom Rack | (4.1%) | 6.3% | (7.9%) | 8.2% |
| Total Company | (8.3%) | 12.0% | (9.8%) | 15.0% |
| Digital sales as % of total net sales¹ | 36% | 38% | 36% | 38% |

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.
FISCAL YEAR 2023 FORWARD-LOOKING NON-GAAP MEASURES
(NON-GAAP FINANCIAL MEASURES)
(unaudited)

Our adjusted EBIT as a percent of net sales (“adjusted EBIT margin”) and adjusted EPS outlook for fiscal year 2023 excludes the impacts from certain items that we do not consider representative of our core operating performance. These items include charges from the wind-down of Canadian operations recognized in the first quarter of 2023.

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 2023 Outlook:

| | 53 Weeks Ending February 3, 2024 | |
|--|---|-------------|
| | Low | High |
| Expected net earnings as a % of net sales | 0.7% | 1.1% |
| Income tax expense | —% | 0.1% |
| Interest expense, net | 0.8% | 0.8% |
| Expected EBIT as a % of net sales | 1.5% | 2.0% |
| Canada wind-down costs | 2.2% | 2.2% |
| Expected adjusted EBIT margin | 3.7% | 4.2% |

The following is a reconciliation of expected diluted EPS to expected adjusted EPS included within our Fiscal Year 2023 Outlook:

| | 53 Weeks Ending February 3, 2024 | |
|----------------------------------|---|---------------|
| | Low | High |
| Expected diluted EPS | \$0.60 | \$1.00 |
| Canada wind-down costs | 1.89 | 1.89 |
| Income tax impact on adjustments | (0.69) | (0.69) |
| Expected adjusted EPS | \$1.80 | \$2.20 |

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

Beginning in the second quarter of 2023, the Adjusted ROIC calculation was updated to exclude certain items that we do not consider representative of our core operating performance. Refer to non-operating related adjustments included within adjusted net operating profit and adjusted average invested capital. Prior periods have been modified to conform with current period presentation.

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 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 ROIC is return on assets. The following shows the components to reconcile the return on assets calculation to Adjusted ROIC:

| | Four Quarters Ended | |
|--|----------------------------|----------------------|
| | July 29, 2023 | July 30, 2022 |
| Net earnings | \$32 | \$410 |
| Income tax (benefit) expense | (22) | 153 |
| Interest expense | 137 | 140 |
| Earnings before interest and income tax expense | 147 | 703 |
| Operating lease interest ¹ | 85 | 84 |
| Non-operating related adjustments ² | 380 | (32) |
| Adjusted net operating profit | 612 | 755 |
| Adjusted estimated income tax expense ³ | (141) | (206) |
| Adjusted net operating profit after tax | \$471 | \$549 |
| Average total assets | \$8,986 | \$9,194 |
| Average non-current deferred property incentives in excess of operating lease right-of-use (ROU) assets ⁴ | (177) | (214) |
| Average non-interest bearing current liabilities | (3,149) | (3,396) |
| Non-operating related adjustments ⁵ | 184 | (15) |
| Adjusted average invested capital | \$5,844 | \$5,569 |
| Return on assets | 0.4% | 4.5% |
| Adjusted ROIC | 8.1% | 9.9% |

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 Non-operating related adjustments primarily relate to the wind-down of our Canadian operations and a supply chain impairment charge for the four quarters ended July 29, 2023 and the gain on sale of interest in a corporate office building for the four quarters ended July 30, 2022. See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2022 Annual Report, for detailed information of certain non-operating related adjustments.

³ Adjusted estimated income tax expense is calculated by multiplying the adjusted net operating profit by the adjusted effective tax rate (which removes the impact of non-operating related adjustments) for the trailing twelve-month periods ended July 29, 2023 and July 30, 2022. The adjusted effective tax rate is calculated by dividing adjusted income tax by adjusted earnings before income taxes for the same trailing twelve-month periods.

⁴ 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.

⁵ Non-operating related adjustments primarily relate to the wind-down of our Canadian operations for the trailing twelve-month period ended July 29, 2023 and the gain on sale of interest in a corporate office building for the trailing twelve-month period ended July 30, 2022.

NORDSTROM, INC.
ADJUSTED DEBT TO EBITDAR (NON-GAAP FINANCIAL MEASURE)

(unaudited; 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 ratings and borrowing costs. This metric is calculated in accordance with the updates in our 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.

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:

| | July 29, 2023 |
|---|--|
| Debt | \$2,858 |
| Operating lease liabilities | 1,616 |
| Adjusted debt | \$4,474 |
| | Four Quarters Ended July 29, 2023 |
| Net earnings | \$32 |
| Income tax benefit | (22) |
| Interest expense, net | 114 |
| Earnings before interest and income taxes | 124 |
| Depreciation and amortization expenses | 588 |
| Operating lease cost ¹ | 272 |
| Amortization of developer reimbursements ² | 70 |
| Canada wind-down costs | 309 |
| Other Revolver covenant adjustments ³ | 108 |
| Adjusted EBITDAR | \$1,471 |
| Debt to Net Earnings | 88.8 |
| Adjusted debt to EBITDAR | 3.0 |

¹ Operating lease cost is fixed rent expense, including fixed common area maintenance expense, net of developer reimbursement amortization.

² 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.

³ 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 July 29, 2023, other Revolver covenant adjustments primarily include a supply chain impairment charge. See our 2022 Annual Report for detailed information of certain non-operating related adjustments.

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

| | Six Months Ended | |
|--|-------------------------|----------------------|
| | July 29, 2023 | July 30, 2022 |
| Net cash provided by operating activities | \$465 | \$373 |
| Capital expenditures | (225) | (215) |
| Change in cash book overdrafts | 18 | 36 |
| Free Cash Flow | \$258 | \$194 |

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