



Q4 2021 EARNINGS CALL

NORDSTROM

FORWARD-LOOKING STATEMENTS

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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



FY21 FINANCIAL PERFORMANCE



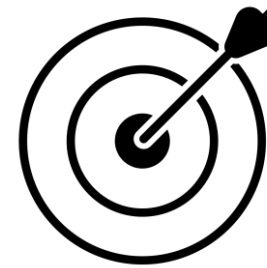
38% ↑

increase in revenue vs
FY20



3.4%

EBIT margin



Line of sight

to achieve our medium-
term financial targets

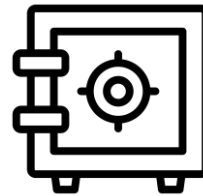
AREAS OF FOCUS

Improving Nordstrom Rack Performance

NORDSTROM
rack

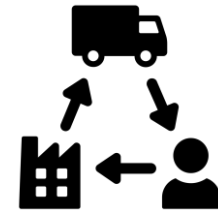
+320bps
of sequential Rack sales
improvement in Q4¹

Increasing Profitability



**Significant
improvement**
in merchandise margin

Optimizing Supply Chain & Inventory Flow



Implemented
supply chain optimization
workstreams

NORDSTROM PERFORMANCE

2%↑

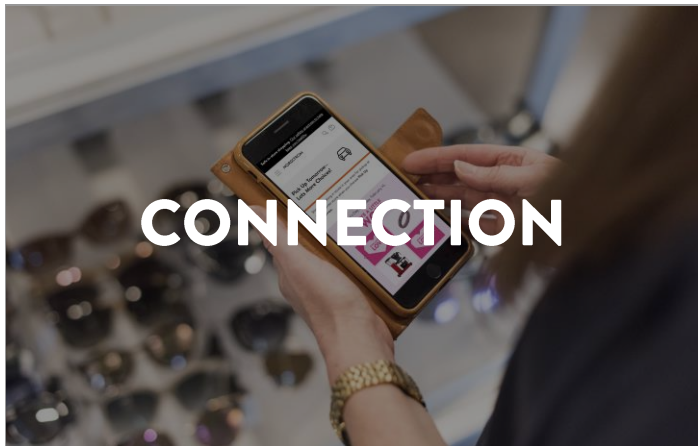
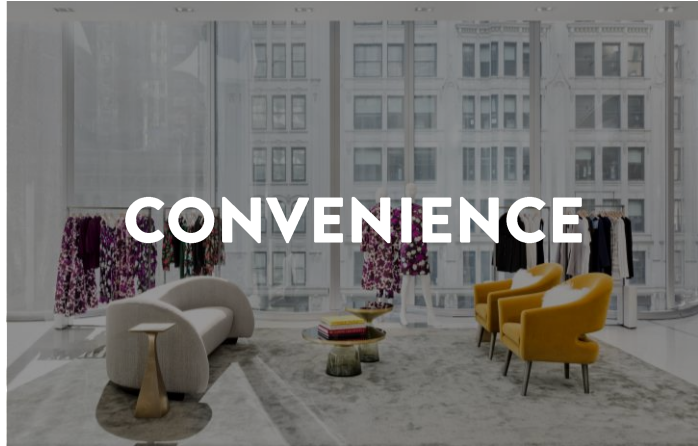
increase in GMV¹

~7%

outperformance of Southern U.S.
vs Northern U.S.¹



MARKET STRATEGY



4x

product available for
next-day pickup

1 day

faster average shipping
time

11%

of N.com sales were
picked up in stores during
Q4, a record high

1/3

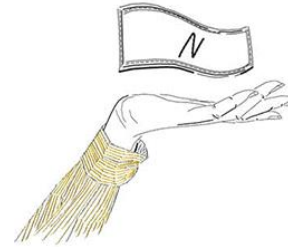
of next-day N.com
demand in Q4 was picked
up at a Rack store

DRIVING CUSTOMER ENGAGEMENT



12x ↑

increase in spend for customers who shop both banners, in-store and online¹



67%

loyalty penetration in FY21

ADVANCING OUR PERSONAL STYLING PROGRAM



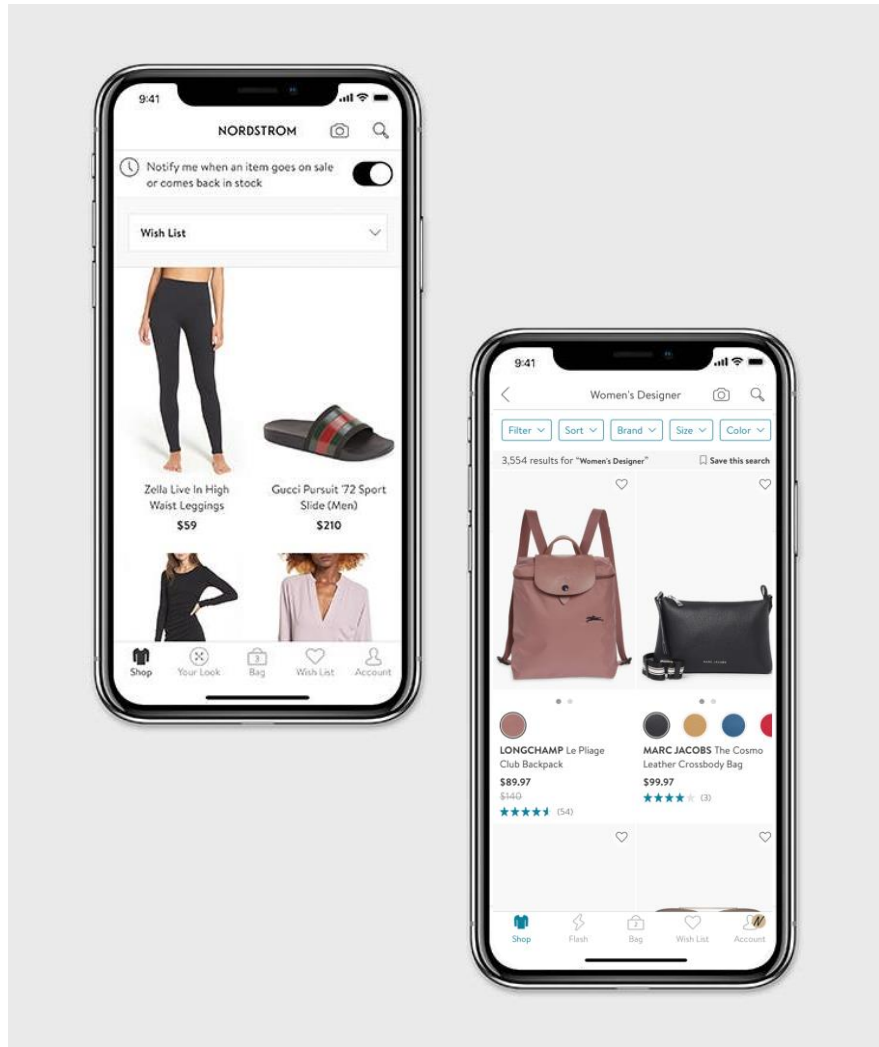
63% ↑

increase in remote selling volume¹

+6x

customer spend vs the average Nordstrom customer

INCREASING OUR DIGITAL VELOCITY



23% ↑
increase in digital sales¹

900bps ↑
increase in digital
penetration, to 44%¹

Record high
mobile app usage

70%
of total digital traffic
from mobile users

PETE NORDSTROM

PRESIDENT & CHIEF BRAND OFFICER



CATEGORY HIGHLIGHTS

Luxury remains strong



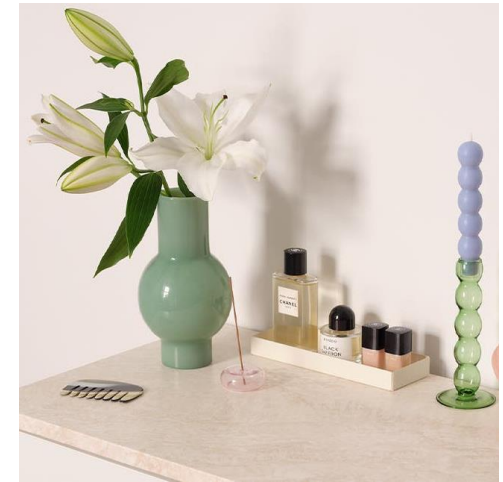
Double digit ↑
increase in Designer
and Fine Jewelry¹

Growth in Beauty



Double digit ↑
increase driven by
strength in both banners¹

Continued strength in pandemic categories



Home → +52%¹
Active → +22%¹

IMPROVED MERCHANDISE MARGINS IN Q4



Expanded holiday gifting & increased promotional effectiveness



235 bps improvement in merchandise margin vs Q4 '19

OPTIMIZING CATEGORY MANAGEMENT

Data-driven, customer-centric approach to category management



Attract new customers



Increase share of wallet



Improve margins



SUPPLY CHAIN & INVENTORY FLOW

Actions

- Improve consistency & predictability
- Improve velocity & throughput
- Increase delivery speed
- Expand selection for order pickup



Outcomes

- Improve customer experience
- Increase sell-through
- Reduce markdowns
- Improve expense efficiency

EVOLVING OUR MERCHANDISING APPROACH



~300bps

increase in alternative partnership penetration for the Nordstrom banner, reaching 10% of GMV¹

300+

new brands and partnerships launched this year

50% ↑

increase in selection this year²

ANNE BRAMMAN

CHIEF FINANCIAL OFFICER



Q4 '21 RESULTS

<i>Better / (Worse)</i>	Q4		FY21	
	vs Q4 '20	vs Q4 '19 ¹	vs FY20	vs FY19 ¹
NET SALES	23%	(1%)	39%	(5%)
GROSS PROFIT %	~500 bps	~340 bps	~850 bps	~75 bps
SG&A %	~125 bps	~(340 bps)	~580 bps	~(260 bps)
EBIT %	~600 bps	~10 bps	~1,350 bps	~(175 bps)

2022 OUTLOOK

	FY2022
REVENUE GROWTH <i>YoY growth</i>	5% to 7%
EBIT <i>% of sales</i>	5.6% to 6.0%
INCOME TAX	~27%
EARNINGS PER SHARE <i>Excluding share repurchases, if any</i>	\$3.15 to \$3.50
LEVERAGE RATIO	~2.5x

Considerations

Revenue

- Seasonality consistent with pre-COVID levels
- YoY sales growth consistent between Q1 and Q2
- Anniversary Sale shifting back to Q2

EBIT

- EBIT margin improvements vs FY2021 consistent between halves
- Q1 EBIT slightly better than breakeven

OUR ALLOCATION PRIORITIES

1

REINVEST IN THE BUSINESS

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

2

REDUCE LEVERAGE

- Combination of earnings improvement and debt reduction
- Targeting leverage ratio of ~2.5x by end of FY22

3

RETURN CASH TO SHAREHOLDERS

- Anticipate being in a position to resume returning cash to shareholders in Q1 '22

We remain committed to an investment grade credit rating



Q & A

A woman with dark hair is posing against a white wall. She is wearing a long, flowing dress with a vibrant green and white leaf pattern. Her arms are raised, with her hands behind her head. The background is a soft, warm light, possibly from a sunset or sunrise. In the foreground, there are various green plants and foliage, including some purple flowers. The overall mood is elegant and natural.

NORDSTROM