



Q2 2022 EARNINGS CALL

NORDSTROM

FORWARD-LOOKING STATEMENTS

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

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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



WELL-POSITIONED TO SERVE CUSTOMERS FOR OCCASIONS AND WARDROBE REFRESHES



Total JWN

12% ↑

increase in net sales,
incl. ~200bps positive impact from
Anniversary Sale timing

6% ↑

increase in digital sales

Nordstrom Banner

15% ↑

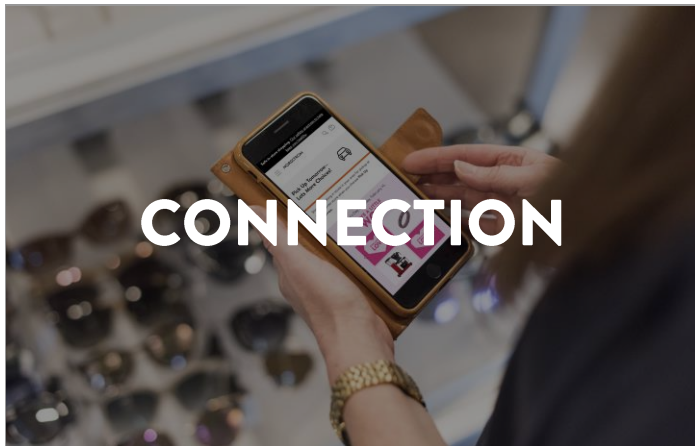
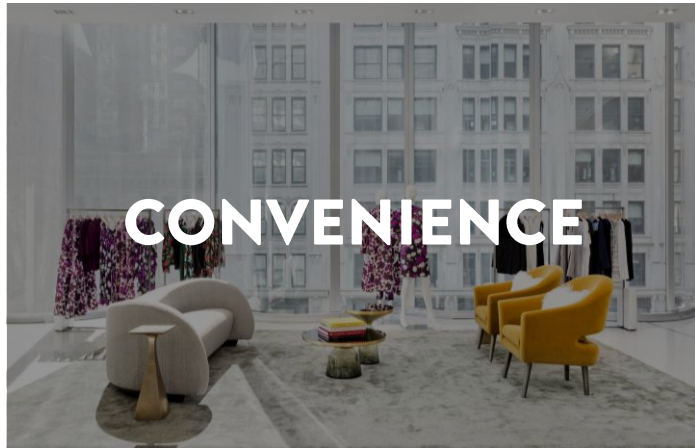
increase in net sales,
incl. ~400bps positive impact from
Anniversary Sale timing

Rack Banner

6% ↑

increase in net sales

CLOSER TO YOU STRATEGY



9%↑

increase in order pickup
during Anniversary Sale

60+

additional Rack stores
launched next-day order
pickup capabilities in Q2

700bps

outperformance by
top 20 markets

ADVANCING OUR DIGITAL CAPABILITIES

Extending heritage of customer service and personalization to a digital world:



Stylist-inspired looks



Virtual styleboards



Online styling appointments



IMPROVING RACK PERFORMANCE

Increasing

supply of premium brands

Improving

assortment

Growing

brand awareness



INCREASING RACK'S SUPPLY OF PREMIUM BRANDS



90% of top brands at Nordstrom are also sold at Nordstrom Rack



Sales for top 100 brands at the Rack increased 17%

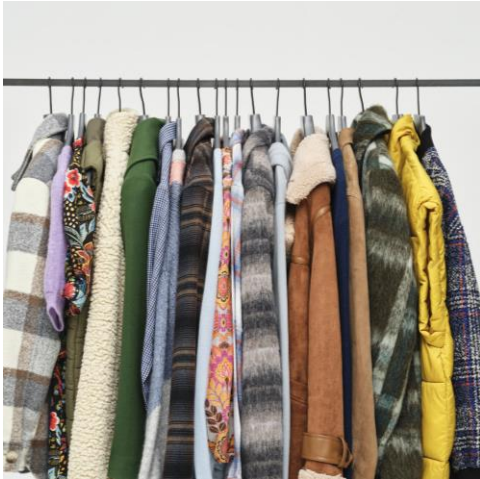
PETE NORDSTROM

PRESIDENT & CHIEF BRAND OFFICER



DOUBLE-DIGIT GROWTH IN CORE CATEGORIES

Men's and Women's Apparel



Driven by suiting and dresses

Shoes



Across dressy and casual styles

Beauty



Supported by expanded Rack Beauty offering

Designer



Strength in higher-priced segment of luxury offering

HAPPY ANNIVERSARY



5%↑
increase in event sales
vs '21¹



¹Includes one day of the sale that fell in Q3 '22.

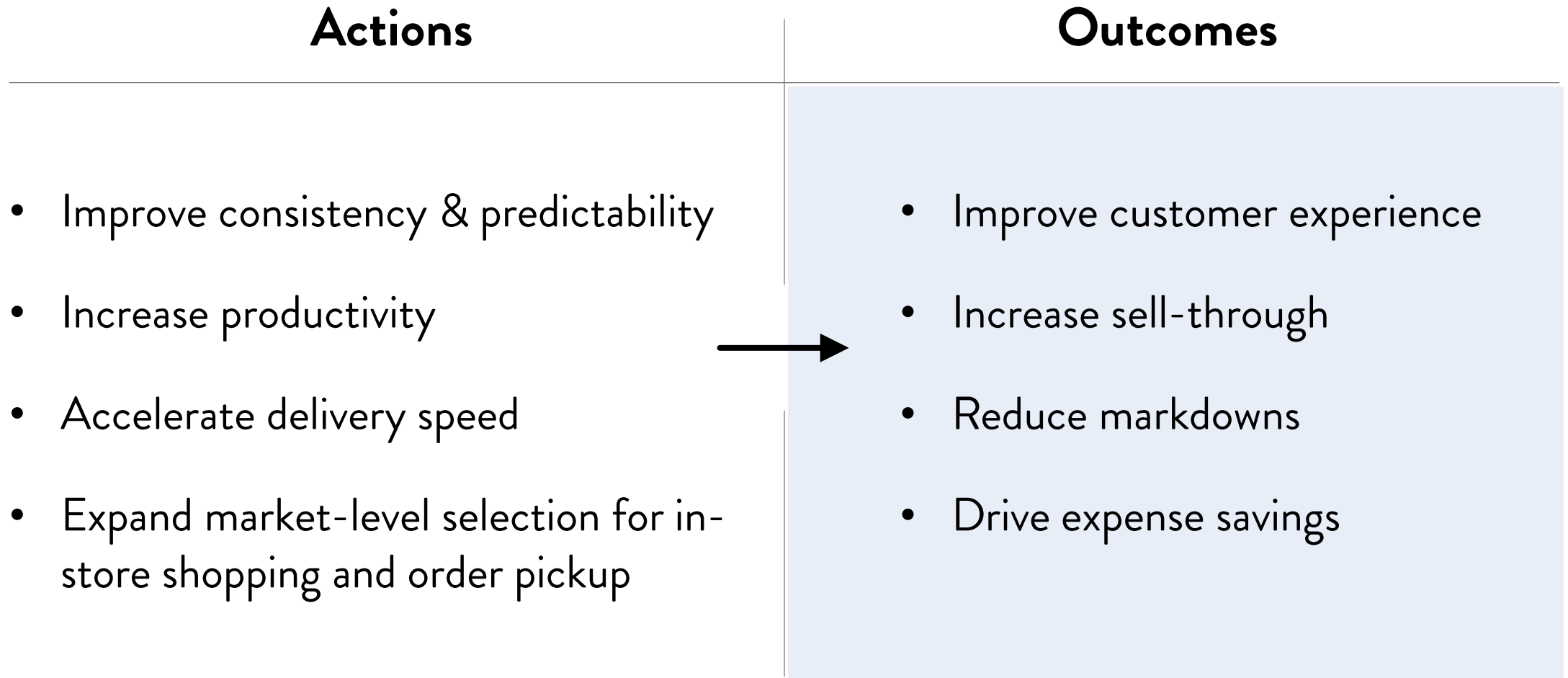
AGGRESSIVELY RIGHT-SIZING INVENTORY

Right-sizing inventory to:

- Align with consumer shifts and long-term strategies
- Enter FY23 in a clean and current inventory position



SUPPLY CHAIN INITIATIVES



IMPROVING MERCHANDISE MARGINS

Using advanced analytics to:



Better understand customer needs



Improve assortment



Increase promotional effectiveness



Optimize markdowns



ANNE BRAMMAN

CHIEF FINANCIAL OFFICER



Q2 '22 RESULTS

	Actuals	Change
<i>Better / (Worse)</i>		vs Q2 '21
NET SALES	\$3.99B	12.0%
GROSS PROFIT %	35.2%	~65bps
SG&A %	32.8%	~15bps
EBIT %	5.1%	~80bps
ADJUSTED EBIT %¹	5.3%	~100bps

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

2022 OUTLOOK

	Updated	Previous
Revenue <i>YoY growth</i>	5% to 7%	6% to 8%
EBIT Adjusted EBIT¹ <i>% of sales</i>	4.5% to 4.9% 4.3% to 4.7%	5.8% to 6.2% 5.6% to 6.0%
Income tax	~27%	~27%
Earnings per share Adjusted earnings per share¹ <i>Excluding share repurchases, if any</i>	\$2.45 to \$2.75 \$2.30 to \$2.60	\$3.38 to \$3.68 \$3.20 to \$3.50
Leverage ratio	<2.9x	~2.5x

¹ Adjusted EBIT and Adjusted EPS are non-GAAP financial measures. Refer to the “Forward-Looking Non-GAAP Measures” slide of this presentation for additional information as well as reconciliations between the Company’s GAAP and non-GAAP financial outlook.

OUR CAPITAL ALLOCATION PRIORITIES

1

REINVEST IN THE BUSINESS

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

2

REDUCE LEVERAGE

- Targeting leverage ratio of ~2.5x, with <2.9x expected by FY22 year-end

3

RETURN CASH TO SHAREHOLDERS

- Paid quarterly dividend of \$0.19
- Repurchased \$35M in stock under May 2022 \$500M repurchase authorization

We remain committed to an investment grade credit rating



Q&A

NORDSTROM



ADJUSTED EBIT (NON-GAAP MEASURE)

	Quarter ended July 30, 2022	
	\$M	% of Sales
Net sales	\$3,991	
Net earnings	\$126	3.1%
Income tax expense	42	
Interest expense	34	
EBIT	\$202	5.1%
Trunk Club wind-down costs	8	
Adjusted EBIT	\$210	5.3%

FORWARD-LOOKING NON-GAAP MEASURES

	Year ended January 28, 2023	
	<i>Low</i>	<i>High</i>
Expected net earnings as a % of net sales	2.6%	2.9%
Income tax expense	1.0%	1.1%
Interest expense, net	0.9%	0.9%
Expected EBIT as a % of net sales	4.5%	4.9%
Trunk Club wind-down costs	0.1%	0.1%
Gain on sale of interest in corporate office building	(0.3%)	(0.3%)
Expected adjusted EBIT margin	4.3%	4.7%
Expected EPS	\$2.45	\$2.75
Trunk Club wind-down costs	0.11	0.11
Gain on sale of interest in corporate office building	(0.31)	(0.31)
Income tax impact on adjustments	0.05	0.05
Expected adjusted EPS	\$2.30	\$2.60