

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) **August 27, 2024**

# NORDSTROM

**Nordstrom, Inc.**

(Exact name of registrant as specified in its charter)

**Washington**  
(State or other jurisdiction  
of incorporation)

**001-15059**  
(Commission  
File Number)

**91-0515058**  
(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
Common stock purchase rights		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 August 27, 2024, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter and six months ended August 3, 2024, its financial position as of August 3, 2024, and its cash flows for the six months ended August 3, 2024 ("Second Quarter Results"). A copy of this earnings release is furnished as Exhibit 99.1.

## **ITEM 7.01 Regulation FD Disclosure**

On August 27, 2024, Nordstrom, Inc. issued an earnings release announcing its Second 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 Second Quarter Results and 2024 financial outlook, as posted on the Company's investor relations website, investor.nordstrom.com, on August 27, 2024. 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**

<a href="#">99.1</a>	Nordstrom earnings release dated August 27, 2024 relating to the Company's Second Quarter Results
<a href="#">99.2</a>	Nordstrom earnings call commentary relating to the Company's Second Quarter Results and 2024 financial outlook
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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## 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/ Catherine R. Smith  
Catherine R. Smith  
Chief Financial Officer

Date: August 27, 2024

# NORDSTROM

## Nordstrom Reports Second Quarter 2024 Earnings

- Sales positive across both banners and digital during second quarter
- Reports EPS of \$0.72, adjusted EPS of \$0.96<sup>1</sup>
- Updates fiscal 2024 outlook

SEATTLE – August 27, 2024 – Nordstrom, Inc. (NYSE: JWN) today reported second quarter net earnings of \$122 million, or earnings per diluted share (“EPS”) of \$0.72, and earnings before interest and taxes (“EBIT”) of \$190 million. Excluding a charge primarily related to supply chain asset impairment, the Company reported adjusted EBIT of \$244 million and adjusted EPS of \$0.96.<sup>1</sup>

For the second quarter ended August 3, 2024, net sales increased 3.4 percent versus the same period in fiscal 2023, and total Company comparable sales increased 1.9 percent. Gross merchandise value (“GMV”) increased 3.5 percent. Anniversary Sale timing, with one week shifting from the third quarter to the second quarter, had a positive impact of approximately 100 basis points on net sales compared with 2023. During the quarter, Nordstrom banner net sales and comparable sales each increased 0.9 percent. Net sales for Nordstrom Rack increased 8.8 percent and comparable sales increased 4.1 percent.

“Our second quarter results were solid, and we’re encouraged by the continued topline strength in both banners and the progress we’re making to expand gross margin and increase profitability,” said Erik Nordstrom, chief executive officer of Nordstrom, Inc. “We’re confident in our outlook for the remainder of the year and look forward to sustaining the momentum we’ve built as we execute on our 2024 priorities.”

In the second quarter, active, women’s apparel, beauty and kids had the strongest growth versus 2023. During the Anniversary Sale, including one day that fell in the third quarter, the top growing categories were beauty, active and home.

“We’re pleased with the Anniversary Sale and the enthusiastic response from our loyal customers. They were highly engaged throughout the event and responded favorably to our assortment, experiences and service,” said Pete Nordstrom, president of Nordstrom, Inc. “We appreciate our team’s continued efforts to help our customers feel good and look their best.”

As previously announced, on August 21, 2024, the board of directors declared a quarterly cash dividend of \$0.19 per share, payable on September 18, 2024, to shareholders of record at the close of business on September 3, 2024.

### SECOND QUARTER 2024 SUMMARY

- Total Company net sales increased 3.4 percent and comparable sales increased 1.9 percent compared with the same period in fiscal 2023. GMV increased 3.5 percent. The timing shift of the Anniversary Sale, with one day falling in the third quarter of 2024 versus eight days in 2023, had a positive impact on net sales of approximately 100 basis points compared with the second quarter of 2023.
- Nordstrom banner net sales and comparable sales each increased 0.9 percent compared with the same period in fiscal 2023. GMV increased 1.1 percent. The timing shift of the Anniversary Sale had a positive impact on Nordstrom banner net sales of approximately 200 basis points compared with the second quarter of 2023.
- Nordstrom Rack banner net sales increased 8.8 percent and comparable sales increased 4.1 percent compared with the same period in fiscal 2023.
- Digital sales increased 6.2 percent compared with the same period in fiscal 2023. The timing shift of the Anniversary Sale had a positive impact on Company digital sales of approximately 100 basis points compared with the second quarter of 2023. Digital sales represented 37 percent of total sales during the quarter.
- Gross profit, as a percentage of net sales, of 36.6 percent increased 155 basis points compared with the same period in fiscal 2023, primarily due to strong regular price sales and leverage on higher total sales.
- Ending inventory increased 8.3 percent compared with the same period in fiscal 2023, versus a 3.4 percent increase in sales.
- Selling, general and administrative (“SG&A”) expenses, as a percentage of net sales, of 34.4 percent increased 160 basis points compared with the same period in fiscal 2023, due to a charge primarily related to supply chain asset

<sup>1</sup>Adjusted EBIT and adjusted EPS are non-GAAP financial measures. 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.

impairment and a 2023 gain on the sale of a real estate asset, partially offset by leverage on higher sales. Excluding the \$54 million charge primarily related to supply chain asset impairment, adjusted SG&A expenses, as a percentage of net sales, were 33.0 percent.

- EBIT was \$190 million in the second quarter of 2024, compared with \$192 million during the same period in fiscal 2023. Adjusted EBIT of \$244 million excluded the charge primarily related to supply chain asset impairment.<sup>2</sup>
- Interest expense, net, of \$26 million was flat compared with \$26 million during the same period in fiscal 2023.
- Income tax expense was \$42 million, or 25.7 percent of pretax earnings, compared with income tax expense of \$29 million, or 17.2 percent of pretax earnings, in the same period in fiscal 2023. The increase in the second quarter of fiscal 2024 was driven primarily by the favorable resolution of certain tax matters in the second quarter of fiscal 2023.
- The Company ended the second quarter with \$1.5 billion in available liquidity, including \$679 million in cash.

## STORES UPDATE

To date in fiscal 2024, the Company has opened eleven stores:

City	Location	Square Footage (000s)	Timing of Opening
<b>Nordstrom Rack</b>			
Pinole, CA	Pinole Vista Crossing	23	March 7, 2024
Snellville, GA	Presidential Markets	35	March 7, 2024
Kennesaw, GA	Barrett Place	25	March 21, 2024
Macedonia, OH	Macedonia Gateway	28	April 11, 2024
Gilroy, CA	Gilroy Crossing	25	April 25, 2024
Jacksonville Beach, FL	South Beach Regional	30	May 2, 2024
Queen Creek, AZ	Queen Creek Marketplace	28	May 16, 2024
Elk Grove, CA	The Ridge Elk Grove	25	May 30, 2024
Wheaton, IL	Danada Square East	29	May 30, 2024
Oceanside, CA	Pacific Coast Plaza	32	June 6, 2024
Bay Shore, NY	Gardiner Manor Mall	24	June 13, 2024

<sup>2</sup> Adjusted 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
<b>Nordstrom Rack</b>			
San Antonio, TX	Bandera Pointe	25	September 5, 2024
Franklin, TN	Cool Springs Market	24	September 5, 2024
San Mateo, CA	Bridgepointe Shopping Center	36	September 12, 2024
San Diego, CA	Clairemont Town Square	26	September 19, 2024
Mooreville, NC	Mooreville Crossing	28	September 26, 2024
Houston, TX	Meyerland Plaza	34	September 26, 2024
Mason, OH	Deerfield Towne Center	30	October 3, 2024
Fort Myers, FL	Bell Tower	31	October 10, 2024
Raleigh, NC	Triangle Town Place	32	October 10, 2024
Noblesville, IN	Hamilton Town Center	25	October 17, 2024
Omaha, NE	Village Pointe	30	October 24, 2024
Tarzana, CA	Village Walk	25	November 1, 2024
Davis, CA	The Davis Collection	25	Spring 2025
Matthews, NC	Sycamore Commons	25	Spring 2025
Geneva, IL	Randall Square	25	Spring 2025
Manalapan Township, NJ	Manalapan Commons	26	Spring 2025
Apple Valley, MN	Fischer Marketplace	30	Spring 2025
Houston, TX	Westchase Shopping Center	30	Spring 2025
Morrisville, NC	Park West Village	25	Spring 2025
Coral Springs, FL	Pine Ridge Square	31	Fall 2025
Surprise, AZ	Prasada North	26	Fall 2025

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

	August 3, 2024	July 29, 2023
<b>Nordstrom</b>		
Nordstrom	93	94
Nordstrom Local service hubs	6	7
ASOS   Nordstrom	—	1
<b>Nordstrom Rack</b>		
Nordstrom Rack	269	247
Last Chance clearance stores	2	2
<b>Total</b>	<b>370</b>	<b>351</b>

<b>Gross store square footage</b>	<b>26,563,000</b>	26,348,000
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## FISCAL YEAR 2024 OUTLOOK

The Company updated its financial outlook for fiscal 2024, which also now reflects the charge primarily related to supply chain asset impairment and related tax impacts recorded in the second quarter, as well as estimated accelerated technology depreciation impacts expected in the second half of fiscal 2024:

- Revenue range, including retail sales and credit card revenues, of 1.0 percent decline to 1.0 percent growth versus the 53-week fiscal 2023, which includes an approximately 135 basis point unfavorable impact from the 53rd week
- Comparable sales range of flat to 2.0 percent growth versus 52 weeks in fiscal 2023
- EBIT margin of 3.0 to 3.4 percent of sales
- Adjusted EBIT margin of 3.6 to 4.0 percent of sales<sup>3</sup>
- Income tax rate of approximately 27 percent
- EPS of \$1.40 to \$1.70, excluding the impact of share repurchase activity, if any
- Adjusted EPS of \$1.75 to \$2.05, excluding the impact of share repurchase activity, if any<sup>3</sup>

## CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to provide a business update and to discuss second quarter 2024 financial results and fiscal 2024 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](http://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 13748345, until the close of business on September 3, 2024.

## 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 interconnected model 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 February 3, 2024, our Form 10-Q for the fiscal quarter ended May 4, 2024, and our Form 10-Q for the fiscal quarter ended August 3, 2024, to be filed with the SEC on or about September 5, 2024. In addition, forward-looking statements contained in this release may be impacted by the actual outcome of events or occurrences related to the Company's announcement of the exploration of possible avenues to enhance shareholder value and the formation of a special committee of the board of directors to consider any proposal which might be brought forward by members of the Nordstrom family to take the Company private. 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. This earnings release includes references to websites, website addresses and additional materials, including reports and blogs, found on those websites. The content of any websites and materials named, hyperlinked or otherwise referenced in this earnings release are not incorporated by reference into this earnings release or in any other report or document we file with the SEC, and any references to such websites and materials are intended to be inactive textual references only. The information on those websites is not part of this earnings release.*

<sup>3</sup> 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.

**NORDSTROM, INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**

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

	Quarter Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Net sales	\$3,785	\$3,662	\$7,006	\$6,726
Credit card revenues, net	109	110	223	227
<b>Total revenues</b>	<b>3,894</b>	<b>3,772</b>	<b>7,229</b>	<b>6,953</b>
Cost of sales and related buying and occupancy costs	(2,401)	(2,380)	(4,604)	(4,407)
Selling, general and administrative expenses	(1,303)	(1,200)	(2,456)	(2,304)
Canada wind-down costs	—	—	—	(309)
Earnings (loss) before interest and income taxes	190	192	169	(67)
Interest expense, net	(26)	(26)	(53)	(54)
Earnings (loss) before income taxes	164	166	116	(121)
Income tax (expense) benefit	(42)	(29)	(33)	54
<b>Net earnings (loss)</b>	<b>\$122</b>	<b>\$137</b>	<b>\$83</b>	<b>(\$67)</b>

Earnings (loss) per share:				
Basic	\$0.74	\$0.85	\$0.50	(\$0.42)
Diluted	\$0.72	\$0.84	\$0.49	(\$0.42)

Weighted-average shares outstanding:				
Basic	164.1	161.7	163.6	161.3
Diluted	168.8	163.2	167.3	161.3

Percent of net sales:				
Gross profit	36.6 %	35.0 %	34.3 %	34.5 %
Selling, general and administrative expenses	34.4 %	32.8 %	35.0 %	34.3 %
Earnings (loss) before interest and income taxes	5.0 %	5.3 %	2.4 %	(1.0 %)



**NORDSTROM, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(unaudited; amounts in millions)

	August 3, 2024	February 3, 2024	July 29, 2023
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$679	\$628	\$885
Accounts receivable, net	277	334	246
Merchandise inventories	2,144	1,888	1,979
Prepaid expenses and other current assets	348	286	400
<b>Total current assets</b>	<b>3,448</b>	<b>3,136</b>	<b>3,510</b>
Land, property and equipment (net of accumulated depreciation of \$8,507, \$8,251 and \$8,254)	3,063	3,177	3,181
Operating lease right-of-use assets	1,353	1,359	1,381
Goodwill	249	249	249
Other assets	530	523	480
<b>Total assets</b>	<b>\$8,643</b>	<b>\$8,444</b>	<b>\$8,801</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable	\$1,533	\$1,236	\$1,434
Accrued salaries, wages and related benefits	289	244	375
Current portion of operating lease liabilities	247	240	224
Other current liabilities	1,149	1,102	1,264
Current portion of long-term debt	—	250	249
<b>Total current liabilities</b>	<b>3,218</b>	<b>3,072</b>	<b>3,546</b>
Long-term debt, net	2,615	2,612	2,609
Noncurrent operating lease liabilities	1,370	1,377	1,392
Other liabilities	492	535	580
Commitments and contingencies			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 164.2, 162.4 and 161.7 shares issued and outstanding	3,458	3,418	3,388
Accumulated deficit	(2,518)	(2,578)	(2,717)
Accumulated other comprehensive gain	8	8	3
<b>Total shareholders' equity</b>	<b>948</b>	<b>848</b>	<b>674</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$8,643</b>	<b>\$8,444</b>	<b>\$8,801</b>

**NORDSTROM, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited; amounts in millions)

	Six Months Ended	
	August 3, 2024	July 29, 2023
<b>Operating Activities</b>		
Net earnings (loss)	\$83	(\$67)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expenses	305	285
Canada wind-down costs	—	220
Asset impairment	51	—
Right-of-use asset amortization	92	86
Deferred income taxes, net	(27)	(17)
Stock-based compensation expense	41	28
Other, net	(12)	(47)
Change in operating assets and liabilities:		
Merchandise inventories	(157)	(78)
Other current and noncurrent assets	9	(81)
Accounts payable	172	99
Accrued salaries, wages and related benefits	45	89
Lease liabilities	(130)	(134)
Other current and noncurrent liabilities	56	82
Net cash provided by operating activities	528	465
<b>Investing Activities</b>		
Capital expenditures	(204)	(225)
Decrease in cash and cash equivalents resulting from Canada deconsolidation	—	(33)
Proceeds from the sale of assets and other, net	10	29
Net cash used in investing activities	(194)	(229)
<b>Financing Activities</b>		
Principal payments on long-term debt	(250)	—
Change in cash book overdrafts	30	18
Cash dividends paid	(62)	(61)
Payments for repurchase of common stock	—	(1)
Proceeds from issuances under stock compensation plans	9	13
Other, net	(10)	(7)
Net cash used in financing activities	(283)	(38)
Net increase in cash and cash equivalents	51	198
Cash and cash equivalents at beginning of period	628	687
<b>Cash and cash equivalents at end of period</b>	<b>\$679</b>	<b>\$885</b>

**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	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
<b>Net earnings (loss)</b>	<b>\$122</b>	\$137	<b>\$83</b>	(\$67)
Income tax expense (benefit)	42	29	33	(54)
Interest expense, net	26	26	53	54
Earnings (loss) before interest and income taxes	190	192	169	(67)
Supply chain asset impairment and other	54	—	54	—
Canada wind-down costs	—	—	—	309
<b>Adjusted EBIT</b>	<b>244</b>	192	<b>223</b>	242
Depreciation and amortization expenses	150	141	302	285
Amortization of developer reimbursements	(15)	(17)	(29)	(35)
<b>Adjusted EBITDA</b>	<b>\$379</b>	\$316	<b>\$496</b>	\$492
<b>Net sales</b>	<b>\$3,785</b>	\$3,662	<b>\$7,006</b>	\$6,726
<b>Net earnings (loss) as a % of net sales</b>	<b>3.2 %</b>	3.8 %	<b>1.2 %</b>	(1.0 %)
<b>EBIT margin %</b>	<b>5.0 %</b>	5.3 %	<b>2.4 %</b>	(1.0 %)
<b>Adjusted EBIT margin %</b>	<b>6.4 %</b>	5.3 %	<b>3.2 %</b>	3.6 %

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

	Quarter Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
<b>Diluted EPS</b>	<b>\$0.72</b>	\$0.84	<b>\$0.49</b>	(\$0.42)
Supply chain asset impairment and other	0.32	—	0.32	—
Canada wind-down costs	—	—	—	1.91
Income tax impact on adjustments <sup>1</sup>	(0.08)	—	(0.08)	(0.58)
<b>Adjusted EPS</b>	<b>\$0.96</b>	\$0.84	<b>\$0.73</b>	\$0.91

<sup>1</sup> The 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 and Nordstrom Local. Nordstrom also included Canada operations prior to March 2, 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores and ASOS | Nordstrom prior to December 2023. 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 August 3, 2024, compared with the quarter and six months ended July 29, 2023:

	Quarter Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
<b>Net sales:</b>				
Nordstrom	\$2,514	\$2,491	\$4,554	\$4,518
Nordstrom Rack	1,271	1,171	2,452	2,208
<b>Total net sales</b>	<b>\$3,785</b>	<b>\$3,662</b>	<b>\$7,006</b>	<b>\$6,726</b>
<b>Net sales increase (decrease):</b>				
Nordstrom	0.9 %	(10.1 %)	0.8 %	(10.7 %)
Nordstrom Rack	8.8 %	(4.1 %)	11.1 %	(7.9 %)
Total Company	3.4 %	(8.3 %)	4.2 %	(9.8 %)
<b>Digital sales as % of total net sales<sup>1</sup></b>	<b>37 %</b>	<b>36 %</b>	<b>35 %</b>	<b>36 %</b>

<sup>1</sup> 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 2024 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 2024 excludes the impacts from certain items that we do not consider representative of our core operating performance. These items include charges primarily related to a supply chain asset impairment in the second quarter of 2024 and accelerated technology depreciation to be recognized in the second half of fiscal 2024.

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 2024 Outlook:

	<b>52 Weeks Ending February 1, 2025</b>	
	<b>Low</b>	<b>High</b>
<b>Expected net earnings as a % of net sales</b>	<b>1.7%</b>	<b>2.0%</b>
Income tax expense	0.6%	0.7%
Interest expense, net	0.7%	0.7%
Expected EBIT as a % of net sales	3.0%	3.4%
Supply chain asset impairment and other	0.4%	0.4%
Accelerated technology depreciation	0.2%	0.2%
<b>Expected adjusted EBIT margin</b>	<b>3.6%</b>	<b>4.0%</b>

The following is a reconciliation of expected diluted EPS to expected adjusted EPS included within our Fiscal Year 2024 Outlook:

	<b>52 Weeks Ending February 1, 2025</b>	
	<b>Low</b>	<b>High</b>
<b>Expected diluted EPS</b>	<b>\$1.40</b>	<b>\$1.70</b>
Supply chain asset impairment and other	0.32	0.32
Accelerated technology depreciation	0.15	0.15
Income tax impact on adjustments	(0.12)	(0.12)
<b>Expected adjusted EPS</b>	<b>\$1.75</b>	<b>\$2.05</b>

**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. Our Adjusted ROIC calculation excludes certain items that we do not consider representative of our core operating performance.

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	
	August 3, 2024	July 29, 2023
<b>Net earnings</b>	<b>\$284</b>	\$32
Income tax expense (benefit)	100	(22)
Interest expense	137	137
Earnings before interest and income tax expense	521	147
Operating lease interest <sup>1</sup>	88	85
Non-operating related adjustments <sup>2</sup>	60	380
Adjusted net operating profit	669	612
Adjusted estimated income tax expense <sup>3</sup>	(186)	(141)
<b>Adjusted net operating profit after tax</b>	<b>\$483</b>	\$471
<b>Average total assets</b>	<b>\$8,675</b>	\$8,986
Average noncurrent deferred property incentives in excess of operating lease right-of-use (ROU) assets <sup>4</sup>	(137)	(177)
Average non-interest bearing current liabilities	(2,949)	(3,149)
Non-operating related adjustments <sup>2</sup>	143	184
<b>Adjusted average invested capital</b>	<b>\$5,732</b>	\$5,844
<b>Return on assets</b>	<b>3.3 %</b>	0.4 %
<b>Adjusted ROIC</b>	<b>8.4 %</b>	8.1 %

<sup>1</sup> 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.

<sup>2</sup> Non-operating related adjustments primarily included supply chain impairment charges and the wind-down of our Canadian operations. See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2023 Annual Report, for detailed information on certain non-operating related adjustments.

<sup>3</sup> 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 August 3, 2024 and July 29, 2023. The adjusted effective tax rate is calculated by dividing adjusted income tax expense by adjusted earnings before income taxes for the same trailing twelve-month periods.

<sup>4</sup> 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 noncurrent amounts are used to reduce average total assets above, as this better reflects how we manage our business.

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

(unaudited; dollars 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 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.

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:

	August 3, 2024
<b>Debt</b>	<b>\$2,615</b>
Operating lease liabilities	1,617
<b>Adjusted debt</b>	<b>\$4,232</b>

	Four Quarters Ended August 3, 2024
<b>Net earnings</b>	<b>\$284</b>
Income tax expense	100
Interest expense, net	103
Earnings before interest and income taxes	487
Depreciation and amortization expenses	604
Operating lease cost <sup>1</sup>	286
Amortization of developer reimbursements <sup>2</sup>	63
Other Revolver covenant adjustments <sup>3</sup>	100
<b>Adjusted EBITDAR</b>	<b>\$1,540</b>

<b>Debt to Net Earnings</b>	<b>9.2</b>
<b>Adjusted debt to EBITDAR</b>	<b>2.7</b>

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

<sup>2</sup> 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.

<sup>3</sup> 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 August 3, 2024, other Revolver covenant adjustments primarily included supply chain impairment charges and interest income, partially offset by Canada wind-down adjustments. See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2023 Annual Report, for detailed information on 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:

	<b>Six Months Ended</b>	
	<b>August 3, 2024</b>	<b>July 29, 2023</b>
<b>Net cash provided by operating activities</b>	<b>\$528</b>	\$465
Capital expenditures	<b>(204)</b>	(225)
Change in cash book overdrafts	<b>30</b>	18
<b>Free Cash Flow</b>	<b>\$354</b>	\$258

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**Q2 2024 NORDSTROM EARNINGS CALL — PREPARED REMARKS****JAMES DUIES | HEAD OF INVESTOR RELATIONS**

Good afternoon and thank you for joining us today.

Before we begin, I want to mention that we'll be referring to slides, which can be viewed in the Investor Relations section on Nordstrom.com. Our discussion may include forward-looking statements, so please refer to the slide with our safe harbor language.

Participating in today's call are Erik Nordstrom, chief executive officer; Pete Nordstrom, president; and Cathy Smith, chief financial officer, who will provide a business update and discuss the company's second quarter performance.

Please note that when discussing our results and outlook, we will be referring to them on an adjusted basis for EBIT, EBIT margin, and earnings per share. Reconciliations to the most directly comparable GAAP measures can be found in our Q2 2024 earnings press release, which is available on our website.

As we begin, I want to acknowledge the company's April 18<sup>th</sup> announcement of the board of directors' exploration of potential avenues to enhance shareholder value, and formation of a special committee to evaluate any proposal that might be presented by Erik and Pete Nordstrom to take the Company private. The special committee will carefully evaluate any proposal that may be received and consider whether it is in the best interests of Nordstrom and all shareholders. We do not have an update to share on this topic and will not be speaking to it during our call today.

I'll now turn the call over to Erik.

## **ERIK NORDSTROM | CHIEF EXECUTIVE OFFICER**

Thank you, Jamie, and good afternoon, everyone. Thank you for joining us today.

I'll begin with our second quarter performance.

We delivered solid results in the second quarter, with net sales of \$3.8 billion, and earnings per share of 96 cents. We grew net sales as well as comparable sales and expanded margins. At both Nordstrom and the Rack, customers responded positively to newness and their favorite brands. The momentum in our digital business continued, with net sales growth of 6 percent. Our teams executed well throughout the quarter and delivered a successful Anniversary Sale. We are pleased that our efforts are resonating with customers.

During the second quarter, we made progress on our three key priorities of driving Nordstrom banner growth, optimizing our operations, and building upon the momentum at the Rack.

Driving Nordstrom banner growth is a key area of focus. For us, it all begins with helping our customers feel good and look their best. We do this by offering a compelling selection of great merchandise supported by our commitment to service and experience. In our Nordstrom stores, we continued our efforts to provide a more consistent offering of the brands that matter most to our customers across our entire fleet. This includes ensuring that we have the newness, relevance, and depth of merchandise that our customers value, including our Nordstrom private brands which were relaunched earlier this year.

As we have shared previously, growing the digital customer journey is a key part of our strategy to drive Nordstrom banner growth. In the second quarter, solid sales growth at Nordstrom.com was driven by an increase in our assortment across

a balance of price points, improvements to search and discovery, as well as high in-stock rates of our fastest-turning items.

In April, we successfully launched our Marketplace and have since added over 15,000 items to our digital offering and nearly 100 new brands. While we're pleased with the initial response from our customers, Marketplace is not yet a material driver and we will continue to scale it in the months ahead.

Operational optimization is another key priority for 2024, which is intended to further build upon the success we've had in optimizing our supply chain operations to serve customers with increased speed and reliability, while lowering costs.

Our business is driven by newness. Consistent inventory flow ensures we have the right product at the right time for our customers. Our teams have made a lot of progress in this area, which helped drive the success at both banners in the second quarter. At the Nordstrom banner, consistent flows drove regular price sales, including during the Anniversary Sale. We also processed inbound merchandise and returns faster, enabling freshness in all channels. And, even with the volume of the Anniversary Sale, the Rack had a steady flow of fresh merchandise throughout the quarter, which contributed to its high single-digit sales growth.

We have also made progress on implementing RFID technology across our locations. RFID enables faster, real-time inventory data, helping us to improve the accuracy of our inventory. Not only does this technology provide us with new insights to improve product flow and reduce shrink, inventory accuracy enhances the customer experience, allowing us to fulfill the items our customers are looking for.

During the second quarter, we made the strategic decision to cease build-out and planning of a leased omnichannel center, intended for future use in the Pacific

Northwest. Logistics networks have recovered from the supply chain challenges that began during the pandemic, and we've improved our supply chain operations over the last few years. We found that we can serve West Coast customers more efficiently from our existing supply chain network, while avoiding additional costs to build out the facility. Therefore, we have taken an asset impairment charge that is reflected in our results.

Turning now to our priority to build on our momentum at the Rack. During the second quarter, we opened 5 new Rack stores, bringing our year-to-date total to 11. We are planning to open 12 more new Rack stores this year, ahead of the holiday season. Financial results continue to be strong at the Rack banner. Rack stores that were opened last year are performing well, delivering a solid return on investment while attracting new customers.

The Rack banner's digital business is a differentiator in off-price retail, enabling our customers to shop when and how they want. We've built and refined industry-leading digital capabilities at NordstromRack.com, which delivered strong results in Q2. An expanded merchandise offering of great brands at great prices, combined with a focus on in-stock rates, drove the results.

In summary, we are pleased with our second quarter results, and the direction we are heading. In the quarter, we grew sales and expanded margins. Our teams executed a successful Anniversary Sale. And, we made progress on our key priorities. This progress along with our results provide us with confidence in our full-year guidance.

And with that, I'll turn it over to Pete...

## **PETE NORDSTROM | PRESIDENT**

Thank you, Erik, and good afternoon, everyone.

I'll focus my remarks on our Anniversary Sale, touch on category performance in the second quarter, and offer some commentary on our inventory health.

Our Anniversary Sale is a unique event that rewards and engages our customers with brand-new product from the best brands, marked down for a limited time. The sale is meaningful to our best customers, who look forward to the event each year. We are always humbled by the stories we hear from customers every year. We have learned about generations of shoppers that make the sale an annual family event, planning their summer activities around it. This year, we had great participation in the Anniversary Sale, especially by our most loyal customers, with 75% of our Icon and Ambassador Nordy Club members shopping the sale. Anniversary sales were driven by newness and fall fashion from the brands that matter most to our customers, including our Nordstrom private brands. Growth in Beauty sales provided support to Anniversary success, and the Active category, which includes Shoes and Apparel, continued to show strength throughout the event, registering double-digit growth.

As Erik mentioned, our Nordstrom private brands are gaining traction, especially in Women's Apparel. Our private brands delivered mid-single digit growth during the Anniversary Sale, with the Nordstrom brand and Zella as the top two volume brands of the event. Since the refresh of our namesake Nordstrom brand, it's become the most reviewed on our site and customer sentiment about it has grown impressively.

Our private brands help improve the balance of price points in our selection. Customers are finding that the merchandise is high quality and offers a great

combination of value and style. Although we still have a way to go, we're encouraged by the progress our private brands are making.

Our Anniversary Sale provides us with a special opportunity to engage our customers, and one way we do so is through in-store and online events. We strive to make our Nordstrom stores not only a compelling place to shop, but an interesting, fun, and engaging environment. This year, our teams rolled out new events and offers to serve and engage customers, which drove incremental purchase trips throughout the sale. From refreshed and expanded private shopping events to trunk shows featuring notable brands, our teams hosted over 900 in-store events – roughly 20% more than last year – with nearly 500 of those events exclusive to our Nordy Club members. Customers responded positively as event attendance tripled compared to last year.

We continue to focus on growing our New York City store. For all the obvious reasons, our New York flagship store is important to us. Year to date, it is the top sales store in our fleet and amongst our fastest growing. In advance of our Anniversary Sale, we opened our first-ever Icon Lounge in that store. It is a place where our highest-tier Nordy Club members can enjoy a private lounge experience, complete with complimentary food and drink as well as dedicated services to enhance their in-store shopping experience.

Turning to category performance in the second quarter.

Our top performing categories were Active, Women's Apparel, Beauty, and Kids.

The Active category was our top performer for the sixth consecutive quarter. Active sustained growth across both banners in the second quarter with sales increasing by double-digits. This growth was supported by brands that include On, New Balance and Vuori.

Sales growth in Women's Apparel continued in the second quarter, driven by contemporary styles with notable strength in dresses and knit tops. In the Nordstrom banner, well-known brands such as Vince, Cinq à Sept, and Free People were strong. At the Rack, a key driver of the growth is a high degree of overlap with the brands customers find at our Nordstrom stores. We continued to focus the Rack's selection on these brands, which drove notable growth in Women's Apparel for the Rack in the second quarter.

The Beauty category continued to be a top performer for us at both banners. Its second quarter sales growth was supported by the strength of fragrances and haircare essentials throughout the Anniversary Sale.

The Kids category sustained its momentum in Q2 as well. Baby gear has been a solid contributor to growth and has become a more sizeable business for us. The growth is a direct reflection of customer interest in this type of product, as we've leaned into car seats and strollers with great brands like Nuna.

Overall, customers responded well to our curated assortment, which helped to drive an increase in regular price sales and margin expansion in the second quarter.

Moving on to our inventory health. In the second quarter, our increase in inventory exceeded our sales growth for the first time in several quarters as we invested in inventory primarily to support our existing Rack stores, our new Rack stores, and our digital channel, NordstromRack.com. While the growth was higher than we typically like, we feel good about the content of our inventory. We closed the quarter with an increase in newness and a commensurate decline in clearance and aged inventory at both banners. In the future, we do expect our sales-to-inventory spread to improve.

In closing, I'd like to echo Erik's comments – we're pleased with our second quarter results and confident that we are heading in the right direction.

And with that, I'll turn it over to Cathy to discuss our financial results and outlook.

## **CATHY SMITH | CHIEF FINANCIAL OFFICER**

Thanks, Pete.

And thank you all for joining us today. I'll begin by covering our second quarter results, then discuss our outlook, and close with our capital allocation priorities.

In the second quarter, we delivered solid results with growth in net sales and EBIT as well as margin expansion.

Total company net sales increased 3.4 percent in the second quarter, driven by strength in both banners. The timing shift of the Anniversary Sale, with one day falling in the third quarter this year versus eight days last year, benefited net sales by approximately 100 basis points. Comparable sales increased 1.9 percent with positive comps in both banners, and particular strength in digital channels. And, GMV increased 3.5 percent in the second quarter.

Nordstrom banner net sales and comparable sales each increased 0.9 percent, and GMV increased 1.1 percent in the second quarter. The timing shift of the Anniversary Sale had a positive impact on Nordstrom banner net sales of approximately 200 basis points.

Nordstrom Rack net sales increased 8.8 percent, with comparable sales increasing 4.1 percent. On a 2-year stack basis, we are pleased to see the quarter-over-quarter sales increases.



Digital sales grew by 6.2 percent in Q2, representing the fifth consecutive quarter of sequential improvement. The timing shift of the Anniversary Sale had a positive impact on digital sales of approximately 100 basis points. Digital sales represented 37 percent of total sales during the quarter.

Gross profit, as a percentage of net sales, expanded 155 basis points to 36.6 percent on strong regular price sales, leverage on higher sales, and slight improvements in shrink.

Ending inventory increased 8.3 percent versus a year ago. As Pete said, while the quality of inventory is good and largely supporting the Rack momentum, we aim to bring the inventory growth more in line with sales demand.

SG&A expenses, as a percentage of net sales, increased 160 basis points to 34.4 percent, largely due to the supply chain asset impairment charge that Erik discussed. When excluding the \$54 million charge, SG&A expenses increased 20 basis points to 33.0 percent, as last year's second quarter results included a gain on sale of a real estate asset.

Our EBIT margin expanded by 115 basis points to 6.4% in the second quarter.

Income tax expense of \$42 million, or 25.7% of pretax earnings, was higher than the 17.2% recorded in the year-ago quarter. Last year's second quarter income tax benefited from the favorable resolution of certain tax matters.

Second quarter earnings per share of 96 cents is favorable to last year's 84 cents, largely driven by the expansion of our gross margin, and to a lesser extent, expense management.

We ended the second quarter with \$1.5 billion in available liquidity including over \$650 million in cash. Our balance sheet and financial position remain solid.

Before moving to our outlook, I'd like to offer some additional commentary on our second quarter results.

First, our efforts to improve the customer experience are taking hold, as evidenced by the strength of our topline. In the second quarter, we grew our customer count, recorded an increase in customer trips, and expanded margins.

Second, our credit card revenues as a percent of total revenue declined modestly versus Q2 of last year. The decline was driven by higher losses, partially offset by higher balances and yield on the portfolio. This was consistent with our expectations, continuing the general trend over the last few years as the consumer has faced increased budgetary pressures.

Turning to our outlook for the year, while we are pleased with our first half results, the external environment remains uncertain. When considering the puts and takes and appreciating that there is still a lot of this fiscal year left, we believe it is prudent to be appropriately cautious with our outlook. We are updating our guidance for the year, slightly.

Our updated guidance includes:

Full-year revenue in the range of a decline of 1 percent to an increase of 1 percent, which includes a headwind of approximately 135 basis points from the 53<sup>rd</sup> week in 2023's results. We continue to expect revenue to follow a typical quarterly cadence.

As a reminder, the timing shift of our Anniversary Sale, with one day falling into the third quarter this year versus 8 days in 2023, is expected to have a negative impact of approximately 100 basis points in our third quarter net sales this year.

We now expect total company comparable sales in a range of flat to an increase of 2 percent in 2024, versus 52 weeks in 2023. As our fiscal 2023 included a 53<sup>rd</sup> week, we calculate our 2024 comparable sales using a realigned, 52-week 2023 period for comparability.

Turning to profitability, we expect a full-year EBIT margin in the range of 3.6 to 4.0 percent.

We continue to expect our effective tax rate to be approximately 27 percent for the full year.

From an earnings per share perspective, we now expect full-year results in the range of \$1.75 to \$2.05, excluding the impact of any share repurchases.

Another note regarding expected reported results; during the second quarter, we made the strategic decision to change how we store and access data. This transformational change will enable us to improve data access and analysis capabilities and enhance our ability to leverage generative AI solutions and services at a faster pace. We expect to complete this change by the end of the year and, as a result, plan to accelerate the depreciation of the IT assets that we will stop using. This is expected to result in charges approximating 10 basis points to our reported SG&A expense as a percentage of net sales in Q3 as well as Q4.

Our capital allocation priorities remain unchanged; we'll invest in the business to better serve our customers with high ROI projects, reduce our leverage, and return cash to shareholders.

Last week, our board of directors declared a quarterly cash dividend of \$0.19 per share.

In closing, we are encouraged that our focus and priorities are resonating with customers, driving topline strength, and expanding margins. I continue to look forward to the progress that we'll make this year with the growth opportunities we have, both in the Nordstrom banner and the Rack.

We thank you for your interest in Nordstrom.