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) **February 28, 2023**

NORDSTROM

Nordstrom, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, without par value	JWN	New York Stock Exchange

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

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

On February 28, 2023, the Board of Directors of Nordstrom, Inc. (“Nordstrom”) determined, after considering all reasonably available options and a thorough and exhaustive review process, that it is in the best interests of its stakeholders to discontinue further financial and operational support for the direct or indirect subsidiaries conducting Canadian operations. As a result, certain of Nordstrom’s direct or indirect subsidiaries could not continue to operate as a going concern and have determined that they must cease operations in Canada. Accordingly, on March 2, 2023, Nordstrom Canada Retail, Inc. (“NCRI”) and certain other direct or indirect subsidiaries of Nordstrom (the “Applicants”) filed for protection (the “Filing”) under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”) with the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada (the “Court”). The Applicants, along with one or more entities to which the Applicants are seeking to extend protections in the CCAA process (collectively, “Nordstrom Canada”), comprise substantially all of Nordstrom’s Canadian operations. Nordstrom Canada intends to engage in a fair and orderly liquidation process, subject to the Court’s approval, and expects that stores in Canada will remain open during the contemplated liquidation process. During the wind-down of Nordstrom Canada under the CCAA proceedings, Nordstrom will provide limited financial and operational support for Nordstrom Canada. The Applicants are expected to be deconsolidated from Nordstrom’s financial statements as of the Filing date.

ITEM 1.01 Entry into a Material Definitive Agreement

On March 1, 2023, Nordstrom, Inc., the Guarantors party thereto, the Lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (the “Agent”) entered into a First Amendment (the “Amendment”) to the Revolving Credit Agreement originally dated as of May 6, 2022 (the “Credit Agreement”) by and among Nordstrom, Inc., the Agent and the Lenders named therein.

Prior to the Amendment, NCRI was a loan party under the Credit Agreement and the obligations under the Credit Agreement were secured, in part, by the assets of NCRI. As a result of the Amendment, NCRI has been removed as a loan party and obligations under the Credit Agreement will no longer be secured by NCRI assets. In addition, the Amendment excludes as subsidiaries or affiliates all Nordstrom Canada entities, and carves out certain CCAA-related expenses and obligations from financial covenants under the Credit Agreement.

The foregoing description of the material terms of the Amendment is a summary only and is qualified in its entirety by reference to the text of the Amendment, a copy of which will be filed as an exhibit to the Nordstrom, Inc. Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

ITEM 2.02 Results of Operations and Financial Condition

On March 2, 2023, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter and year ended January 28, 2023, its financial position as of January 28, 2023, and its cash flows for the year ended January 28, 2023 (“Fourth Quarter Results”). A copy of this earnings release is furnished as Exhibit 99.1.

ITEM 2.05 Costs Associated with Exit or Disposal Activities

The information set forth under “Introductory Note” above is hereby incorporated by reference in this Item 2.05. As a result of the planned Nordstrom Canada store closures, Nordstrom expects to incur pre-tax charges of approximately $300 million to $350 million in the first quarter of 2023, the substantial majority of which are anticipated to be non-cash charges, including an estimate for the impairment of the Nordstrom Canada investment and an estimate of certain claims that may be asserted against Nordstrom or its subsidiaries as a result of the wind-down of Nordstrom Canada’s operations. Given the early stage of the exit activities, management’s estimates of losses are based on currently available information and its assessment of the validity of certain claims. These estimates may change as new information becomes available and it is reasonably possible that Nordstrom may incur a material loss in excess of the estimated amounts.

ITEM 2.06 Material Impairments

The information set forth under “Introductory Note” above is hereby incorporated by reference in this Item 2.06. As a result of the planned Nordstrom Canada store closures, Nordstrom expects to incur pre-tax charges of approximately $300 million to $350 million in the first quarter of 2023, the substantial majority of which are anticipated to be non-cash charges, including an estimate for the impairment of the Nordstrom Canada investment and an estimate of certain claims that may be asserted against Nordstrom or its subsidiaries as a result of the wind-down of Nordstrom Canada’s operations. Given the early stage of the exit activities, management’s estimates of losses are based on currently available information and its assessment of the validity of certain claims. These estimates may change as new information becomes available and it is reasonably possible that Nordstrom may incur a material loss in excess of the estimated amounts.

ITEM 7.01 Regulation FD Disclosure

On March 2, 2023, Nordstrom, Inc. issued an earnings release announcing its Fourth 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 Fourth Quarter Results and 2023 financial outlook, as posted on the Company's investor relations website, investor.nordstrom.com, on March 2, 2023. 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 8.01 Other Events

On February 28, 2023, Nordstrom, Inc. issued a press release announcing that the Board of Directors has approved a quarterly dividend. A copy of the press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits

99.1	Nordstrom earnings release dated March 2, 2023 relating to the Company's Fourth Quarter Results
99.2	Nordstrom earnings call commentary relating to the Company's Fourth Quarter Results and 2023 financial outlook
99.3	Press release of Nordstrom, Inc., dated February 28, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORDSTROM, INC.
(Registrant)

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

Date: March 2, 2023

Exhibit 99.1

NORDSTROM

Nordstrom Reports Fourth Quarter 2022 Earnings, Announces Wind-Down of Canadian Business

- *Sales and earnings in line with updated fiscal 2022 outlook*
- *Entering fiscal 2023 with healthier inventory position, down 15 percent from last year and comparable to 2019*
- *Company provides fiscal 2023 outlook, including plans to wind down Canadian operations to drive profitable growth and enhance shareholder value*

SEATTLE – March 2, 2023 – Nordstrom, Inc. (NYSE: JWN) today reported fourth quarter net earnings of $119 million, or $0.74 per diluted share (“EPS”), and earnings before interest and taxes (“EBIT”) of $187 million, or 4.5 percent of sales, for the quarter ended January 28, 2023.

For the fiscal year ended January 28, 2023, net earnings were $245 million and diluted EPS was $1.51, with EBIT of $465 million, or 3.1 percent of sales. Excluding a gain on the sale of the Company’s interest in a corporate office building, Trunk Club wind-down costs and a supply chain technology and related asset impairment charge, all of which were reported in the first three quarters, adjusted EBIT was $502 million, or 3.3 percent of sales, and adjusted EPS was $1.69 for fiscal 2022.[1]

For the fourth quarter ended January 28, 2023, net sales decreased 4.1 percent versus the same period in fiscal 2021 and gross merchandise value (“GMV”) decreased 4.2 percent. Nordstrom banner net sales decreased 2.4 percent and GMV decreased 2.5 percent compared with the fourth quarter of 2021. Net sales for Nordstrom Rack decreased 8.1 percent.

“We took decisive actions to right-size our inventory as we entered the new year, positioning us for greater agility amidst continuing macroeconomic uncertainty. We also made the difficult decision to wind down operations in our Canadian business. This will enable us to simplify our operations and further increase our focus on driving long-term profitable growth in our core U.S. business,” said Erik Nordstrom, chief executive officer of Nordstrom, Inc. “As we enter fiscal 2023, we are focused on enhancing the customer experience, improving Nordstrom Rack performance, increasing inventory productivity and continuing to advance our supply chain optimization initiatives. We remain confident in the strength of our brands and our ability to drive profitable growth and deliver long-term value to our shareholders.”

In the fourth quarter, men’s apparel had the strongest growth versus 2021. For fiscal 2022, men’s apparel, shoes and women’s apparel had the strongest growth versus 2021.

“While the incremental markdowns in the second half impacted our margins, we are better positioned for a stronger 2023. Our actions have given us increased flexibility to react more quickly to changing customer demand and provide the newness and fashion our customers love,” said Pete Nordstrom, president and chief brand officer of Nordstrom, Inc. “We want to thank our teams for all their hard work helping our customers feel good and look their best.”

As previously announced on February 28, 2023, the board of directors declared a quarterly cash dividend of $0.19 per share to be paid to shareholders of record at the close of business on March 14, 2023, payable on March 29, 2023. During fiscal 2022, the Company repurchased 2.8 million shares of its common stock for $62 million under its existing $500 million share repurchase program. A total capacity of $438 million remains available under this share repurchase authorization.

FOURTH QUARTER 2022 SUMMARY

- Total Company net sales in the fourth quarter decreased 4.1 percent compared with the same period in fiscal 2021. Full-year revenue for fiscal 2022, including retail sales and credit card revenues, increased 5.0 percent compared with fiscal 2021. GMV decreased 4.2 percent in the fourth quarter and increased 5.0 percent in fiscal 2022 when compared with the same periods in 2021.
- For the Nordstrom banner, net sales in the fourth quarter decreased 2.4 percent compared with the same period in fiscal 2021. GMV decreased 2.5 percent and increased 6.9 percent in the fourth quarter and in the fiscal year, respectively, when compared with the same periods in 2021.
- For the Nordstrom Rack banner, net sales decreased 8.1 percent compared with the same period in fiscal 2021. Eliminating store fulfillment for Nordstrom Rack digital orders in the third quarter negatively impacted fourth quarter Rack banner net sales by approximately 500 basis points.

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[1]Adjusted EBIT, adjusted EBIT margin 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.

- Digital sales in the fourth quarter decreased 13.1 percent compared with the same period in fiscal 2021. Eliminating store fulfillment for Nordstrom Rack digital orders in the third quarter and sunsetting Trunk Club earlier in fiscal 2022 negatively impacted fourth quarter digital sales by approximately 500 basis points. Digital sales represented 40 percent of total sales during the quarter and 38 percent of sales for the fiscal year.
- Gross profit, as a percentage of net sales, of 33.2 percent decreased 525 basis points compared with the same period in fiscal 2021 primarily due to higher markdown rates, as the Company prioritized rightsizing inventory levels in a highly promotional environment.
- Ending inventory decreased 15.2 percent compared with the same period in fiscal 2021, versus a 4.1 percent decrease in sales.
- Selling, general and administrative (“SG&A”) expenses, as a percentage of net sales, of 31.5 percent decreased 240 basis points compared with the same period in fiscal 2021, primarily due to supply chain expense efficiencies.
- EBIT was $187 million in the fourth quarter of 2022, compared with $299 million during the same period in fiscal 2021, primarily due to higher markdowns, partially offset by supply chain expense efficiencies. EBIT was $465 million for fiscal 2022, and adjusted EBIT of $502 million excluded a gain on the sale of the Company’s interest in a corporate office building, wind-down costs related to Trunk Club and a supply chain technology and related asset impairment charge, all of which were reported in the first three quarters.[2] EBIT margin was 4.5 percent of sales for the quarter, which was 235 basis points lower than the fourth quarter of 2021. EBIT margin and adjusted EBIT margin for the fiscal year were 3.1 percent and 3.3 percent, respectively.[2]
- Interest expense, net, of $27 million decreased from $33 million during the same period in fiscal 2021, due to higher interest income and reduced credit facility borrowings.
- Income tax expense during the fourth quarter was $41 million, or 25.2 percent of pretax earnings, compared with $66 million, or 24.8 percent of pretax earnings, in the same period of fiscal 2021. The full-year income tax rate was 27.2 percent.
- The Company ended the year with $1.5 billion in available liquidity, including $687 million in cash and the full $800 million available on its revolving line of credit, and a leverage ratio of 3.1 times.

STORES UPDATE

During fiscal 2022, the Company opened three stores:

City	Location	Square Footage (000s)	Timing of Opening
ASOS | Nordstrom			
Los Angeles, CA	The Grove	30	May 20, 2022
Nordstrom Rack			
Phoenix, AZ	Desert Ridge Marketplace	24	October 27, 2022
Riverside, CA	Canyon Springs Marketplace	30	October 27, 2022

[2]Adjusted EBIT and adjusted EBIT margin 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.

The Company has also announced plans to open or relocate the following stores:

City	Location	Square Footage (000s)	Timing of Opening
Nordstrom Rack			
Birmingham, AL	The Summit (relocation from River Ridge)	27	Spring 2023
Los Angeles, CA	NOHO West	26	Spring 2023
Chattanooga, TN	The Terrace at Hamilton Place	24	Spring 2023
Wichita, KS	Bradley Fair	28	Spring 2023
Delray Beach, FL	Delray Place	26	Spring 2023
Clovis, CA	Clovis Crossing	31	Spring 2023
San Clemente, CA	San Clemente Plaza	32	Spring 2023
Las Vegas, NV	Best in the West	31	Spring 2023
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
Pinole, CA	Pinole Vista Crossing	23	Fall 2023
Denton, TX	Denton Crossing	25	Fall 2023
Aurora, CO	Southlands	30	Fall 2023
Kennesaw, GA	Barrett Place	25	Spring 2024

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

	January 28, 2023	January 29, 2022
Nordstrom		
Nordstrom — U.S.	**94**	94
Nordstrom — Canada	**6**	6
Nordstrom Local service hubs	**7**	7
ASOS | Nordstrom	**1**	—
Nordstrom Rack		
Nordstrom Rack — U.S.	**241**	240
Nordstrom Rack — Canada	**7**	7
Last Chance clearance stores	**2**	2
Total	**358**	356
Gross store square footage	**27,571,000**	27,555,000

During the fourth quarter, the Company closed one Nordstrom Rack store.

NORDSTROM WINDS DOWN CANADIAN OPERATIONS

As part of its initiatives to drive long-term profitable growth and enhance shareholder value, and after careful consideration of all reasonably available options, the Company also announced today it has decided to discontinue support for Nordstrom Canada's business operations.[3]

"We regularly review every aspect of our business to make sure that we are set up for success," said Erik Nordstrom. "We entered Canada in 2014 with a plan to build and sustain a long-term business there. Despite our best efforts, we do not see a realistic path to profitability for the Canadian business. We want to thank our team for their performance and dedication in serving customers in Canada. This decision will simplify our structure, intensify focus on our growth and profitability goals and position us to create greater value for our shareholders."

Accordingly, Nordstrom Canada has commenced a wind-down of its operations, obtaining an Initial Order from the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act ("CCAA") earlier today to facilitate the wind-down in an orderly fashion.

Nordstrom Canada intends to wind down its Nordstrom and Nordstrom Rack stores across Canada, with the help of a third-party liquidator, and its Canadian e-commerce platform. The e-commerce platform will cease operations on March 2, 2023. The in-store wind-down is anticipated to be completed by late June 2023.

The Company expects that Nordstrom Canada will be deconsolidated from the Company's financial statements as of the date of the CCAA filing. The Company expects to report approximately $300 million to $350 million of pre-tax charges related to the wind-down in the first quarter of fiscal 2023, driven primarily by the write-down of the Company's investment in Nordstrom Canada. The wind-down is expected to result in an approximately $400 million decline in total Company net sales and a $35 million improvement in total Company EBIT in fiscal 2023, relative to fiscal 2022, excluding the aforementioned charges associated with the wind-down.

Nordstrom Canada operates six Nordstrom stores and seven Nordstrom Rack stores, as well as the Nordstrom.ca website, and employs approximately 2,500 people.

FISCAL YEAR 2023 OUTLOOK

The Company is providing the following financial outlook for fiscal 2023, which includes a 53rd week. The Company's outlook also includes the anticipated impact of the wind-down of Canadian operations:

- 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 1.2 to 2.1 percent of sales
- Adjusted EBIT margin (excluding charges related to the wind-down of Canadian operations) of 3.7 to 4.2 percent of sales[4]
- Income tax rate of approximately 32 percent, including an approximately 500 basis point unfavorable impact from the one-time Canada charges
- EPS (including the negative impact of charges related to the wind-down of Canadian operations) of $0.20 to $0.80, 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 any[4]

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[3]Nordstrom Canada is comprised of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC.

[4]Adjusted EBIT margin and adjusted EPS are non-GAAP financial measures. Refer to the "Fiscal Year 2023 Outlook - 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 expectations.

CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to provide a business update and to discuss fourth quarter 2022 financial results and fiscal year 2023 outlook at 4:45 p.m. Eastern Standard Time 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 13735859, until the close of business on March 9, 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 29, 2022, its Form 10-Qs for the fiscal quarters ended April 30, 2022, July 30, 2022 and October 29, 2022, and our Form 10-K for the fiscal year ended January 28, 2023, to be filed with the SEC on or about March 10, 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.

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

	Quarter Ended		Year Ended	
	January 28, 2023	**January 29, 2022**	**January 28, 2023**	**January 29, 2022**
Net sales	**$4,200**	$4,382	**$15,092**	$14,402
Credit card revenues, net	**119**	104	**438**	387
Total revenues	**4,319**	4,486	**15,530**	14,789
Cost of sales and related buying and occupancy costs	**(2,807)**	(2,699)	**(10,019)**	(9,344)
Selling, general and administrative expenses	**(1,325)**	(1,488)	**(5,046)**	(4,953)
Earnings before interest and income taxes	**187**	299	**465**	492
Interest expense, net	**(27)**	(33)	**(128)**	(246)
Earnings before income taxes	**160**	266	**337**	246
Income tax expense	**(41)**	(66)	**(92)**	(68)
Net earnings	**$119**	$200	**$245**	$178
Earnings per share:				
Basic	**$0.75**	$1.26	**$1.53**	$1.12
Diluted	**$0.74**	$1.23	**$1.51**	$1.10
Weighted-average shares outstanding:				
Basic	**160.1**	159.5	**160.1**	159.0
Diluted	**161.6**	162.4	**162.1**	162.5
Percent of net sales:				
Gross profit	**33.2 %**	38.4 %	**33.6 %**	35.1 %
Selling, general and administrative expenses	**31.5 %**	34.0 %	**33.4 %**	34.4 %
Earnings before interest and income taxes	**4.5 %**	6.8 %	**3.1 %**	3.4 %

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

	January 28, 2023	January 29, 2022
Assets		
Current assets:		
Cash and cash equivalents	**$687**	$322
Accounts receivable, net	**265**	255
Merchandise inventories	**1,941**	2,289
Prepaid expenses and other current assets	**316**	306
Total current assets	**3,209**	3,172
Land, property and equipment (net of accumulated depreciation of $8,289 and $7,737)	**3,351**	3,562
Operating lease right-of-use assets	**1,470**	1,496
Goodwill	**249**	249
Other assets	**466**	390
Total assets	**$8,745**	$8,869
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$1,238**	$1,529
Accrued salaries, wages and related benefits	**291**	383
Current portion of operating lease liabilities	**258**	242
Other current liabilities	**1,203**	1,160
Total current liabilities	**2,990**	3,314
Long-term debt, net	**2,856**	2,853
Non-current operating lease liabilities	**1,526**	1,556
Other liabilities	**634**	565
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value: 1,000 shares authorized; 160.1 and 159.4 shares issued and outstanding	**3,353**	3,283
Accumulated deficit	**(2,588)**	(2,652)
Accumulated other comprehensive loss	**(26)**	(50)
Total shareholders' equity	**739**	581
Total liabilities and shareholders' equity	**$8,745**	$8,869

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

	Year Ended	
	January 28, 2023	**January 29, 2022**
Operating Activities		
Net earnings	**$245**	$178
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization expenses	**604**	615
Asset impairment	**80**	—
Right-of-use asset amortization	**185**	175
Deferred income taxes, net	**(83)**	(11)
Stock-based compensation expense	**59**	79
Other, net	**(46)**	81
Change in operating assets and liabilities:		
Accounts receivable, net	**23**	(10)
Merchandise inventories	**265**	(383)
Prepaid expenses and other assets	**(24)**	542
Accounts payable	**(190)**	(400)
Accrued salaries, wages and related benefits	**(94)**	31
Other current liabilities	**44**	112
Lease liabilities	**(269)**	(284)
Other liabilities	**147**	(20)
Net cash provided by operating activities	**946**	705
Investing Activities		
Capital expenditures	**(473)**	(506)
Proceeds from the sale of assets and other, net	**80**	(15)
Net cash used in investing activities	**(393)**	(521)
Financing Activities		
Proceeds from revolving line of credit	**100**	400
Payments on revolving line of credit	**(100)**	(400)
Proceeds from long-term borrowings	**—**	675
Principal payments on long-term borrowings	**—**	(1,100)
Change in cash book overdrafts	**(14)**	(32)
Cash dividends paid	**(119)**	—
Payments for repurchase of common stock	**(62)**	—
Proceeds from issuances under stock compensation plans	**29**	14
Tax withholding on share-based awards	**(16)**	(15)
Make-whole premium payment and other, net	**(4)**	(86)
Net cash used in financing activities	**(186)**	(544)
Effect of exchange rate changes on cash and cash equivalents	**(2)**	1
Net increase (decrease) in cash and cash equivalents	**365**	(359)
Cash and cash equivalents at beginning of year	**322**	681
Cash and cash equivalents at end of year	**$687**	$322

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 earnings before interest and income taxes ("EBIT"), adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA"), adjusted EBIT as a percent of net sales ("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. 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 earnings per diluted share.

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 to adjusted EBIT and adjusted EBITDA and net earnings as a percent of net sales to adjusted EBIT margin:

	Quarter Ended		Year Ended	
	January 28, 2023	**January 29, 2022**	**January 28, 2023**	**January 29, 2022**
Net earnings	**$119**	$200	**$245**	$178
Income tax expense	**41**	66	**92**	68
Interest expense, net	**27**	33	**128**	246
Earnings before interest and income taxes	**187**	299	**465**	492
Supply chain impairment	**—**	—	**70**	—
Trunk Club wind-down costs	**—**	—	**18**	—
Gain on sale of interest in a corporate office building	**—**	—	**(51)**	—
Adjusted EBIT	**187**	299	**502**	492
Depreciation and amortization expenses	**151**	138	**604**	615
Amortization of developer reimbursements	**(17)**	(19)	**(72)**	(78)
Adjusted EBITDA	**$321**	$418	**$1,034**	$1,029
Net sales	**$4,200**	$4,382	**$15,092**	$14,402
Net earnings as a % of net sales	**2.8 %**	4.6 %	**1.6 %**	1.2 %
EBIT margin %	**4.5 %**	6.8 %	**3.1 %**	3.4 %
Adjusted EBIT margin %	**4.5 %**	6.8 %	**3.3 %**	3.4 %

The following is a reconciliation of earnings per diluted share to adjusted EPS:

	Quarter Ended		Year Ended	
	January 28, 2023	**January 29, 2022**	**January 28, 2023**	**January 29, 2022**
Earnings per diluted share	**$0.74**	$1.23	**$1.51**	$1.10
Supply chain impairment	**—**	—	**0.44**	—
Trunk Club wind-down costs	**—**	—	**0.11**	—
Gain on sale of interest in a corporate office building	**—**	—	**(0.31)**	—
Debt refinancing charges included within interest expense, net	**—**	—	**—**	0.54
Income tax impact on adjustments[1]	**—**	—	**(0.06)**	(0.13)
Adjusted EPS	**$0.74**	$1.23	**$1.69**	$1.51

[1] 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, Canada, which includes Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, Nordstrom Local, ASOS | Nordstrom and, prior to October 2022, TrunkClub.com. 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 year ended January 28, 2023, compared with the quarter and year ended January 29, 2022:

	Quarter Ended		Year Ended	
	January 28, 2023	**January 29, 2022**	**January 28, 2023**	**January 29, 2022**
Net sales:				
Nordstrom	**$2,955**	$3,027	**$10,279**	$9,640
Nordstrom Rack	**1,245**	1,355	**4,813**	4,762
Total net sales	**$4,200**	$4,382	**$15,092**	$14,402
Net sales (decrease) increase:				
Nordstrom	**(2.4 %)**	23.3 %	**6.6 %**	37.8 %
Nordstrom Rack	**(8.1 %)**	23.5 %	**1.1 %**	41.7 %
Total Company	**(4.1 %)**	23.4 %	**4.8 %**	39.1 %
Digital sales as % of total net sales[1]	**40 %**	44 %	**38 %**	42 %

[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 OUTLOOK - ADJUSTED EBIT MARGIN AND ADJUSTED EPS
(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 impact from certain items that we do not consider representative of our core operating performance. These items include the wind-down of our Canadian operations in 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	**0.3%**	**0.9%**
Income tax expense	0.1%	0.4%
Interest expense, net	0.8%	0.8%
Expected EBIT as a % of net sales	1.2%	2.1%
Wind-down of Canadian operations	2.5%	2.1%
Expected adjusted EBIT margin	**3.7%**	**4.2%**

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

	53 Weeks Ending February 3, 2024	
	Low	**High**
Expected EPS	**$0.20**	**$0.80**
Wind-down of Canadian operations	2.15	1.84
Income tax impact on adjustment	(0.55)	(0.44)
Expected adjusted EPS	**$1.80**	**$2.20**

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

We believe that Adjusted ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of the capital we have invested in our business to generate returns over time. In addition, we have incorporated it in our executive incentive measures, and we believe it is an important indicator of shareholders’ return over the long term.

Adjusted ROIC is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, return on assets, net earnings, total assets or other GAAP financial measures. Our method of calculating 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	
	January 28, 2023	**January 29, 2022**
Net earnings	**$245**	$178
Income tax expense	**92**	68
Interest expense	**138**	247
Earnings before interest and income tax expense	**475**	493
Operating lease interest[1]	**85**	87
Adjusted net operating profit	**560**	580
Estimated income tax expense[2]	**(152)**	(159)
Adjusted net operating profit after tax	**$408**	$421
Average total assets	**$9,069**	$9,301
Average deferred property incentives in excess of ROU assets[3]	**(197)**	(232)
Average non-interest bearing current liabilities	**(3,185)**	(3,352)
Average invested capital	**$5,687**	$5,717
Return on assets	**2.7 %**	1.9 %
Adjusted ROIC	**7.2 %**	7.4 %

[1] Operating lease interest is a component of operating lease cost recorded in occupancy costs. We add back operating lease interest for purposes of calculating adjusted net operating profit for consistency with the treatment of interest expense on our debt.

[2] Estimated income tax expense is calculated by multiplying the adjusted net operating profit by the effective tax rate for the trailing twelve month periods ended January 28, 2023 and January 29, 2022. The effective tax rate is calculated by dividing income tax expense by earnings before income taxes for the same trailing twelve month periods.

[3] For leases with property incentives that exceed the ROU assets, we reclassify the amount from assets to other current liabilities and other liabilities on the 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.

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

Adjusted debt to earnings before interest, income taxes, depreciation, amortization and rent ("EBITDAR") is one of our key financial metrics and we believe that our debt levels are best analyzed using this measure, as it provides a reflection of our creditworthiness which could impact our credit ratings and borrowing costs. This metric is calculated in accordance with the updates in our new Revolver covenant and is a key component in assessing whether our revolving credit facility is secured or unsecured, as well as our ability to make dividend payments and share repurchases. Our goal is to manage debt levels to achieve and maintain investment-grade credit ratings while operating with an efficient capital structure.

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:

	January 28, 2023
Debt	**$2,856**
Operating lease liabilities	**1,784**
Adjusted debt	**$4,640**

	Four Quarters Ended January 28, 2023
Net earnings	**$245**
Income tax expense	**92**
Interest expense, net	**128**
Earnings before interest and income taxes	**$465**
Depreciation and amortization expenses	**604**
Operating lease cost[1]	**280**
Amortization of developer reimbursements[2]	**72**
Other Revolver covenant adjustments[3]	**61**
Adjusted EBITDAR	**$1,482**
Debt to Net Earnings	**11.6**
Adjusted debt to EBITDAR	**3.1**

[1] Operating lease cost is fixed rent expense, including fixed comment 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 January 28, 2023, other Revolver covenant adjustments primarily included costs associated with a supply chain technology and related asset impairment and the wind-down of Trunk Club, partially offset by a gain on sale of the Company's interest in a corporate office building.

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

Free Cash Flow is one of our key liquidity measures and, when used in conjunction with GAAP measures, we believe it provides investors with a meaningful analysis of our ability to generate cash from our business.

Free Cash Flow is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, operating cash flows or other financial measures prepared in accordance with GAAP. Our method of calculating a non-GAAP financial measure may differ from other companies' methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Free Cash Flow is net cash provided by operating activities. The following is a reconciliation of net cash provided by operating activities to Free Cash Flow:

	Year Ended	
	January 28, 2023	**January 29, 2022**
Net cash provided by operating activities	**$946**	$705
Capital expenditures	**(473)**	(506)
Change in cash book overdrafts	**(14)**	(32)
Free Cash Flow	**$459**	$167

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Q4 2022 NORDSTROM EARNINGS CALL | PREPARED REMARKS

ERIK NORDSTROM | CHIEF EXECUTIVE OFFICER

Good afternoon, everyone. Thank you for joining us today.

For the fourth quarter, we delivered net sales of $4.2 billion and earnings per share of 74 cents. Looking back on the fiscal year, revenue increased 5 percent from 2021, and adjusted EBIT margin was in line with last year at 3.3 percent.

We saw customers starting to pull back in late June, primarily in Nordstrom Rack, and this trend continued through the holiday season. Across both banners, the softening trend was more pronounced in customers with lower income profiles.

Given the uncertain environment, we are executing with agility. We took actions starting in Q3 to clear excess inventory and optimize our product mix. As a result, we are now in a much healthier position, with inventory levels down 15 percent from last year, and in line with 2019 levels. While this was the right strategy to better position our inventory levels for 2023, we implemented more markdowns than we had initially planned to achieve our goal. This was compounded by the softening trend, excess inventory levels and promotional intensity in our sector. As a result, our margins were lower than expected in the fourth quarter.

Despite this, I'm pleased that our supply chain initiatives delivered efficiency and lower per unit cost in Q4, resulting in more than 200 basis points of SG&A rate improvement even with lower sales leverage and ongoing inflationary pressures.

At the same time, we remain committed to driving more profitable long-term growth. We are looking across our business and operations with this clear mindset, to ensure we are deploying our financial resources and talent against the opportunities where we are best positioned to win in the medium and long term. With this in mind, we have decided to wind down our Canadian business over the next few months to simplify our operations and increase our focus on our core US business.

We entered Canada in 2014 because we believed it presented a compelling opportunity and we are grateful for the many customer relationships we have built over the years. Despite our team's best efforts, including multiple initiatives to improve our outcomes, our Canadian business has not been profitable. The impact from COVID drove further losses, with no realistic path to sustainable profitability.

Canada accounts for less than 3 percent of our total sales, and we believe we will benefit from a sharper focus on our US business. Michael will provide more detail on the one-time charges related to this decision and the impact on our sales and profitability going forward.

While we are confident in our decision, it was a difficult one to make and we recognize the personal impact on our employees. We are committed to treating our Canadian employees with fairness and respect. We are establishing an employee trust that will provide additional benefits for employees during the wind-down period. I have the deepest appreciation for the talent and passion of our great team in Canada. I want to sincerely thank them for their dedication to customers and the service they have provided over the years.

More than ever, I believe Nordstrom is uniquely positioned to meet the changing needs of our customers. With our two powerful, interconnected brands, the breadth of our products, styles and prices, and most of all, our unwavering passion for customer service, we have a durable foundation for growth.

We are taking clear actions in 2023 to expand market share and improve our profitability. It starts with our loyal customer base, our greatest asset. We acquired approximately 10 million new customers in 2022 and added 2.5 million new Nordy Club members. We are committed to building on these successes while delivering on our legacy of service across physical stores and digitally, as the customer experience continues to evolve to be even more omnichannel. This is critical to driving engagement and attracting more customers.

In addition to improving the customer experience, we are focused on three specific priorities to drive better financial performance in 2023: 1) Improving Nordstrom Rack performance; 2) Increasing our inventory productivity and 3) Continuing to advance our supply chain optimization initiatives. I'll address each of these briefly, then Pete will go into more depth on some of our initiatives in support of these priorities.

Starting with Nordstrom Rack, sales in Q4 declined 8 percent versus last year as we saw consumers pull back spending. We estimate that a little over half of the decrease was driven by specific actions we took to improve profitability, namely eliminating costly Rack store-based order fulfillment, and raising the minimum order amount to receive free ship-to-store delivery on NordstromRack.com. These actions reduced order cancellations, simplified Rack operations, and improved profitability, but negatively impacted topline growth at the Rack. We also cleared out older and unproductive inventory, giving us increased open-to-buy and therefore greater flexibility to improve our merchandise assortment as we enter 2023.

We are committed to improving both our top and bottom-line performance at Nordstrom Rack in three ways. First, and most importantly, we are prioritizing 100 nationally recognized strategic brands to help us drive sales and grow market share. Simply put, we know we win with customers at the Rack when we deliver great brands at great prices. We believe strong brand recognition drives outsized customer engagement, and these brands are proven performers, many of which are not widely available in the off-price space. By increasing inventory turns at the Rack, we can increase the flow of these great brands and give customers newness each time they visit us.

Second, we are expanding our reach and convenience for customers by opening 20 new Rack stores this year. Rack stores continue to be our largest source of new customer acquisition, accounting for more than 40 percent of newly acquired customers in 2022. Our Rack store fleet is underpenetrated, and we have an opportunity to attract more customers and drive profitable growth through a proven model as we expand our reach with more new stores.

Third, we will drive greater engagement and higher profitability at NordstromRack.com. Our digital capabilities are unique in the off-price space, and we see opportunities to leverage our digital assets to increase engagement with Rack customers. We will also continue to optimize the operational model for improved profitability, as we did by discontinuing store-based fulfillment of NordstromRack.com orders.

Moving now to our second priority for 2023: inventory productivity. Better inventory discipline across our operations provides customers with relevant and new assortments from the world’s best brands. We also have a significant opportunity to improve our earnings and returns on invested capital through increased productivity from our merchandise inventory, our largest annual investment. The substantial disruptions and volatility in our business over the past three years had a significant impact on our inventory management and outcomes, including buy plans, receipt flows, stock levels, markdowns and turns. As supply chains have stabilized, we have an opportunity to return to pre-pandemic norms across these elements of our inventory management.

Finally, let’s turn to our third priority of supply chain optimization. We made great progress in 2022 on our supply chain initiatives, which drove improvement in our SG&A rate, despite lower sales leverage and continued inflationary pressure. Pete will provide highlights from our work in 2022. This year, we will build on our momentum to further improve the customer experience while driving greater expense efficiency. We’re continuing to scale our West Coast Omnichannel Center, and we are building productivity across our network. Improvements in inventory turns and flow also continue to help reduce supply chain costs.

The past three years have been the most challenging and unpredictable for our industry in more than a generation. We are incredibly proud of the way our people navigated the unprecedented circumstances while remaining true to our core values. As we enter 2023, we are ready to move forward. We have a clear set of priorities that we expect will drive improved performance in the near term, while positioning us for longer-term profitable growth. We have made difficult decisions to increase our focus on executing against those priorities in our core business. We have a strong balance sheet and healthy cash flows. And we remain committed to putting the customer at the center of everything we do.

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

PETE NORDSTROM | PRESIDENT AND CHIEF BRAND OFFICER

Thanks, Erik, and good afternoon, everyone.

I'd like to talk about our merchandise performance during the fourth quarter, then follow up with highlights from the workstreams under each of the three focus areas Erik discussed.

Starting with merchandise performance…

- We prioritized getting to healthy inventory levels by year end, and taking additional markdowns to do so impacted our results in most categories.
- That said, we saw areas of strength in the quarter. We were pleased to see strength in Men's Apparel which was up versus last year and at 2019 levels, particularly in dresswear as people shopped for special occasions and updated their return-to-office looks.
- At the Rack banner, Beauty grew high single digits as consumers responded well to our expanded offering with brands like MAC and Clinique.
- To illustrate our efforts to get to a cleaner inventory position, seasonal categories including outerwear, sweaters and boots had strong sell-through, with ending inventory levels 30 percent less than prior year.
- After a robust start to 2022, our Designer business softened in the back half, and we are reviewing our inventory positions to adjust where needed to improve productivity.
- At the Nordstrom banner, we're making progress on delivering selection, relevance and inspiration to our customers by partnering with brands in alternative ways. We grew our sales through unowned inventory models by 10 percent over the last year, and they now make up 12 percent of GMV at the Nordstrom banner.

- We continue to scale our Nordstrom Media Network, which grew over 50 percent versus last year. In the fourth quarter, we expanded our advertising offering to brands and categories adjacent to Nordstrom, launched offsite partnerships with TikTok and Pinterest, and scaled onsite advertising with display ads on Nordstrom.com. Our brand partners value the opportunity to connect with our highly engaged and loyal customers with a strong return on ad spend, particularly as advertisers look to diversify their media mix.

Now on to our initiatives.

As Erik mentioned, we're focused on improving Rack performance, and one of the initiatives to drive sales and faster inventory turn is prioritizing 100 strategic brands that are well known and loved across the US, but also have room to grow in the off-price space. Strategic brands have better productivity than other brands in terms of average selling price and monthly sell-through. These include many brands we carry at the Nordstrom banner. As we've previously mentioned, 90% of the top 50 brands at Nordstrom are also carried at Nordstrom Rack. Looking forward, our healthier inventory levels provide us an open-to-buy position and we are leaning into strategic brands. While these brands accounted for half of Rack sales in 2022, they make up 60 percent of our on-order for the first half of 2023. We're still on track to have the Rack assortment in a good place by mid-2023. With more open-to-buy and access to great brands, especially in the current environment, we are well positioned to deliver a more constant stream of newness and improve inventory flow.

A second initiative at Rack is to expand our reach with new stores as part of our Closer to You strategy. We are encouraged by the results of our three newest stores, which have exceeded our expectations and performed better than the fleet average in terms of sales productivity. This proof point gives us further confidence in the product mix we're working towards and the opportunity for improvement in our overall Rack business through greater focus on strategic brands, newness and inventory flow.

The third initiative with Rack is driving greater customer engagement and profitability at NordstromRack.com. By increasing the penetration of strategic brands online and leveraging our digital marketing capabilities, we will drive traffic and sales both at NordstromRack.com and in our stores. We also continue to drive omnichannel engagement across banners. For example, one in five Nordstrom.com "buy online, pick up in store" orders are actually picked up at our Rack stores, after we launched this service just three years ago.

The second area of focus across both banners is increasing our inventory productivity. This started with entering 2023 in a healthier inventory position. Looking forward, we have conservative buy plans in place, consistent with our outlook for continued macroeconomic pressure on consumer spending. We are also maintaining increased reserves against our buy plans, which enables us to be opportunistic in-season. And we are planning for faster inventory turns, with an increase of at least 10 percent over 2022, to drive newness and flow while also increasing the return on our inventory investment.

We are also enhancing our capabilities to manage inventory with greater precision at the unit level through investments in RFID and the shift to cost accounting for internal merchandising. These capabilities will help us deliver a fresh and relevant assortment at the store level for our customers. It will also improve our ability to buy, allocate and track merchandise across our network, provide us greater visibility into profitability at the unit level, increase efficiency and reduce shrinkage.

Our third focus area, continuing to enhance our supply chain capabilities, is also an essential part of our Closer to You strategy. We built momentum throughout 2022 on several initiatives to improve the customer experience and our profitability, despite ongoing cost pressures. I'll highlight a few:

- We made significant progress in optimizing our unit flow from suppliers to customers by both changing some of our ordering practices as well as partnering with suppliers on shipment standards and we'll be rolling this out further this year.

- We improved productivity and throughput in our distribution and fulfillment centers by more than 20 percent through better unit flow, focusing on team member retention, and leveraging data for scheduling and training.
- Lastly, we increased delivery speed from click to delivery overall. For instance, our share of orders delivered within 4 days or less is up 40 percent from last year.

These actions will continue to improve the customer experience, increase sell-through and reduce markdowns by allowing us to place the right assortment with the right depth closer to the customer. We expect to see further benefits from these efforts as well as from additional supply chain actions throughout 2023.

In closing, we are entering 2023 positioned for increased agility, and are focused on our key priorities for improving the customer experience and our profitability. We especially want to thank our team for their ongoing commitment to helping our customers feel good and look their best.

With that, I'll turn it over to Michael to discuss our financial results.

MICHAEL MAHER | INTERIM CHIEF FINANCIAL OFFICER

Thank you, Pete. I'll begin with our fourth quarter results, and then walk through our outlook for fiscal 2023.

For the fourth quarter, we reported earnings per share of 74 cents. Net sales and GMV each decreased 4 percent. For the full year, total revenue, net sales and GMV were all up 5 percent.

In Q4, Nordstrom banner sales decreased 2 percent and GMV decreased 3 percent versus last year. Nordstrom Rack sales decreased 8 percent, with a little over half of this decrease attributable to the elimination of Rack store fulfillment starting in the third quarter.

Digital sales decreased 13 percent this quarter, including an estimated 500 basis point impact from eliminating Rack store fulfillment and sunsetting Trunk Club earlier in 2022.

Gross profit as a percentage of net sales decreased 525 basis points, primarily due to higher markdowns as we prioritized right sizing inventory to start fiscal 2023 in a healthier position.

Ending inventory decreased 15 percent from a year ago, compared to a 4 percent decrease in fourth quarter sales. We remain committed to a disciplined approach to inventory management in 2023, with a goal of improving turns by at least 10 percent.

Despite lower sales than last year, total SG&A as a percentage of net sales decreased 240 basis points in the fourth quarter primarily due to supply chain expense efficiencies. As with last quarter, we're pleased with the progress we made on our supply chain optimization initiatives, despite labor and transportation cost pressures. We expect these initiatives will continue to deliver significant benefits in 2023.

EBIT margin was 4.5 percent for the fourth quarter. For the year, EBIT margin was 3.1 percent, and adjusted EBIT margin was 3.3 percent.

We have a strong balance sheet and financial position, ending the fourth quarter with $1.5 billion in available liquidity, including the full $800 million available on our revolving line of credit.

Turning to our 2023 outlook, I'll start by discussing the macroeconomic backdrop and the related assumptions underlying our guidance.

We expect that elevated inflation and rising interest rates will continue to weigh on consumer spending, especially in the first half of the year. We also anticipate continuing inflationary pressure on our expenses, especially labor and transportation costs. However, we also expect global supply chain disruptions to continue to dissipate, benefiting inbound freight costs and inventory flow.

Taking these factors into consideration, for fiscal 2023, we expect revenue to decline 4 to 6 percent versus 2022. This outlook includes two significant items worth calling out. The first is an approximately 2.5 percentage point negative impact from the wind-down of our Canadian operations, which delivered sales of approximately $400 million in 2022. The second is an approximately 1.3 percentage point positive impact from the 53rd week in fiscal 2023, which we expect will add approximately $200 million in sales to the fourth quarter.

Next, I’ll highlight three factors that shape our outlook between the first and the second half of 2023.

- Year-over-year sales comparisons will be more difficult in the first half against our stronger first half in 2022, with more favorable comparisons expected in the second half.
- In addition, one week of the Anniversary Sale will shift from the second quarter into the third quarter this year. This will negatively impact second quarter sales, and positively impact third quarter sales, by approximately 200 basis points.
- We expect improvements in our business to build into the second half, especially in the Rack as our merchandise assortment continues to improve and we open new stores. We will also lap the impact of discontinuing Rack store fulfillment of online orders beginning in the third quarter.

As a result of these factors, we expect revenue to decrease by a low double-digit percentage in the first half, and to increase by a low single-digit percentage in the second half, versus 2022.

We expect the wind-down of our Canadian operations to result in one-time pre-tax charges of $300 million to $350 million in the first quarter of 2023, primarily related to the write-off of our investment in Nordstrom Canada. These charges will reduce our first quarter and full year earnings per share by approximately $1.40 to $1.60.

Excluding these charges, we expect an adjusted EBIT margin of approximately 3.7 to 4.2 percent for the full year, versus 3.3 percent in 2022. Our forecast assumes that adjusted EBIT margin expansion will be driven primarily by gross margin improvements from our focus on inventory productivity, especially in the second half of the year, when compared to the elevated markdowns we took in 2022. The wind-down of Canadian operations will also improve EBIT, excluding one-time charges, by approximately $35 million, with most of the associated 20 basis points of EBIT margin improvement reflected in buying and occupancy costs as part of our gross profit margin. Continued progress on our supply chain optimization initiatives will help partially mitigate SG&A expense deleverage resulting from lower sales and inflationary cost pressures. Given the previously mentioned sales and gross margin trends, we expect EBIT margin increases in the second half of the year, offsetting decreases from lower sales in the first half of the year. Our plan assumes that first quarter EBIT will be roughly breakeven.

Our effective tax rate is expected to be approximately 32 percent for the fiscal year, which includes an estimated 500 basis point impact from the one-time Canada charges. Our tax rate excluding this impact is expected to be approximately 27 percent.

We expect earnings per share of 20 cents to 80 cents. Excluding charges related to the wind-down of Canadian operations, we expect adjusted earnings per share of $1.80 to $2.20. Our earnings per share projections exclude the impact of share repurchases, if any.

Shifting to capital allocation, our priorities remain unchanged. Our first priority is investing in the business to better serve our customers and support long term growth. We’re planning capital expenditures of 3 to 4 percent of net sales, primarily for investments in supply chain and technology capabilities.

Our second priority is reducing our leverage. We remain committed to an investment grade credit rating through a combination of earnings improvement and debt reduction. We ended the year at 3.1 times and continue to target a leverage ratio below 2.5 times.

We continue to return cash to shareholders. Earlier this week, our board of directors declared a quarterly cash dividend of $0.19 per share. In addition, during fiscal 2022, we repurchased approximately $62 million of our stock at an average price of $22 per share. We have $438 million remaining on our current share repurchase authorization. We will continue to take a measured approach to share repurchases, aligning with our cash flow and market conditions.

As you’ve heard today, we are taking significant steps to execute with agility given the continued challenging macroeconomic backdrop. We are prioritizing initiatives that will drive greater profitability through improved performance at Rack, a disciplined approach to increase inventory productivity, and continued progress on our supply chain optimization efforts. We are confident in our ability to navigate through economic uncertainty and remain excited about the future of our business and our ability to deliver significant shareholder value over time.

Exhibit 99.3

NORDSTROM

Nordstrom Board of Directors Approves Quarterly Dividend

SEATTLE, Feb. 28, 2023 - Nordstrom, Inc. (NYSE: JWN) announced today its board of directors approved a quarterly dividend of 19 cents per share payable on March 29, 2023, to shareholders of record at the close of business on March 14, 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.

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