



Q3 2022 EARNINGS CALL

NORDSTROM

FORWARD-LOOKING STATEMENTS

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

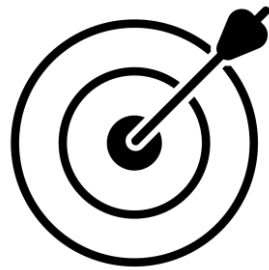
Adjusted EBIT and adjusted EPS are non-GAAP financial measures. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Reconciliations of these measures to the most directly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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



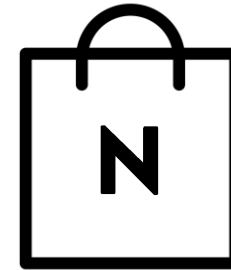
Q3 THEMES



Delivered results
in line with expectations



Prioritizing actions
to manage macroeconomic
uncertainty and position
business for success



**Improving supply
chain**
with lower cost per unit and
faster order fulfillment

RESULTS IN LINE WITH EXPECTATIONS



Total JWN

3%↓

decrease in net sales,
incl. ~200bps negative impact from
Anniversary Sale timing

16%↓

decrease in digital sales,
incl. ~1,000bps negative impact
from Anniversary Sale timing,
Rack store fulfill reduction, and
Trunk Club sunset

Nordstrom Banner

3% ↓

decrease in net sales,
incl. ~300bps negative impact
from Anniversary Sale timing

Rack Banner

2% ↓

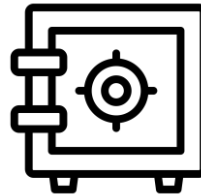
decrease in net sales
incl. ~200bps negative impact
from Rack store fulfill
reduction

STRATEGIC INITIATIVES

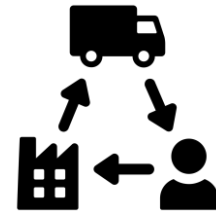
Improving Nordstrom
Rack Performance

NORDSTROM
rack

Increasing
Profitability



Optimizing Supply Chain
& Inventory Flow



IMPROVING RACK PERFORMANCE



Driving
increased profitability

Increasing
supply of premium brands

Improving
assortment

Growing
brand awareness

INCREASING RACK'S SUPPLY OF PREMIUM BRANDS



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



**Sales for top 100 brands at the Rack
increased 9%**

WINNING IN OUR MOST IMPORTANT MARKETS



12%

order pickup penetration of
Nordstrom.com demand

~200bps ↑

increase in order pickup
penetration vs. Q3 '21

LEVERAGING OUR DIGITAL CAPABILITIES

Extending our unmatched one-to-one store experience to a digital world:



Evolving digital discovery with enhanced content, refreshed shopping experience, smart product search capabilities



Improving digital purchase journey with better imagery and product descriptions



PARTNERING WITH NIKE AND SHOES THAT FIT



Together with our partners, we donated 40K+ pairs of brand-new shoes to kids in need during this back-to-school season

PETE NORDSTROM

PRESIDENT & CHIEF BRAND OFFICER



STRENGTH IN CORE CATEGORIES VS '21

Men's Apparel



Women's Apparel



Shoes



Designer



Core categories driven by customer demand for wardrobe refreshes, occasions

AGGRESSIVELY RIGHT-SIZING INVENTORY

- **Aligning with consumer demand**
- **Improving assortment and showcasing fashion, newness and categories customers respond to**
- **Entering FY23 in a healthy and current inventory position**



IMPROVING SUPPLY CHAIN AND INVENTORY FLOW



15%

improvement in click-to-deliver speed

28%

improvement in fulfillment center flow-through

3%

reduction in variable handling cost per unit

~100bps

decrease in variable supply chain cost as % of sales

HAPPY HOLIDAYS



Holiday dressing, décor and gift options



Festive in-store experiences and services



Fashion and newness that our customers love



ANNE BRAMMAN

CHIEF FINANCIAL OFFICER



Q3 '22 RESULTS

	Actuals	Change
<i>Better / (Worse)</i>		vs Q3 '21
NET SALES	\$3.43B	(2.9%)
GROSS PROFIT %	33.2%	(~190bps)
SG&A %	36.4%	(~200bps)
EBIT %	0.1%	(~350bps)
ADJUSTED EBIT %¹	2.1%	(~145bps)

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

MICHAEL MAHER

CHIEF ACCOUNTING OFFICER

INTERIM CHIEF FINANCIAL OFFICER (DECEMBER 5TH)



REAFFIRMING 2022 OUTLOOK

	FY22
Revenue <i>YoY growth</i>	5% to 7%
EBIT Adjusted EBIT¹ <i>% of sales</i>	4.1% to 4.4% 4.3% to 4.7%
Income tax	~27%
Earnings per share Adjusted earnings per share¹ <i>Excluding share repurchases, if any</i>	\$2.13 to \$2.43 \$2.30 to \$2.60
Leverage ratio	<2.9x

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

OUR CAPITAL ALLOCATION PRIORITIES REMAIN UNCHANGED

1

REINVEST IN THE BUSINESS

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

2

REDUCE LEVERAGE

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

3

RETURN CASH TO SHAREHOLDERS

- Paid quarterly dividend of \$0.19
- Repurchased \$53M in stock YTD under May 2022 \$500M repurchase authorization

We remain committed to an investment grade credit rating



Q&A



NORDSTROM

ADJUSTED EBIT (NON-GAAP MEASURE)

	Quarter ended October 29, 2022	
	\$M	% of Sales
Net sales	\$3,433	
Net loss	(\$20)	(0.6%)
Income tax benefit	(9)	
Interest expense, net	32	
EBIT	\$3	0.1%
Supply chain technology and related asset impairment	70	
Adjusted EBIT	\$73	2.1%

FORWARD-LOOKING NON-GAAP MEASURES

	Year ended January 28, 2023	
	Low	High
Expected net earnings as a % of net sales	2.3%	2.6%
Income tax expense	0.9%	0.9%
Interest expense, net	0.9%	0.9%
Expected EBIT as a % of net sales	4.1%	4.4%
Trunk Club wind-down costs	0.1%	0.1%
Gain on sale of interest in corporate office building	(0.3%)	(0.3%)
Supply chain technology and related asset impairment	0.4%	0.5%
Expected adjusted EBIT margin	4.3%	4.7%
Expected EPS	\$2.13	\$2.43
Trunk Club wind-down costs	0.11	0.11
Gain on sale of interest in corporate office building	(0.31)	(0.31)
Supply chain technology and related asset impairment	0.43	0.43
Income tax impact on adjustments	(0.06)	(0.06)
Expected adjusted EPS	\$2.30	\$2.60