



Q3 2021 EARNINGS CALL

NORDSTROM

FORWARD-LOOKING STATEMENTS

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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



AREAS OF FOCUS

- 1 IMPROVING NORDSTROM RACK PERFORMANCE**
- 2 INCREASING PROFITABILITY**
- 3 OPTIMIZING SUPPLY CHAIN & INVENTORY FLOW**

IMPROVING RACK PERFORMANCE

We are taking decisive action to improve Rack performance and capture market share

1

IMPROVE INVENTORY
POSITION

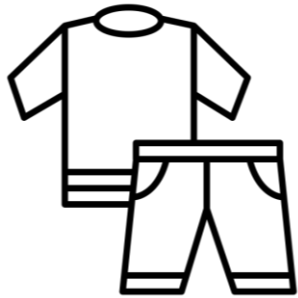
2

REBALANCE
ASSORTMENT

3

STRENGTHEN BRAND
AWARENESS & DRIVE
TRAFFIC

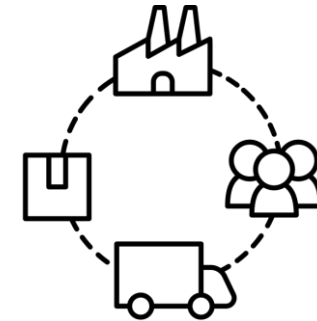
INCREASING PROFITABILITY



**IMPROVE MERCH
MARGIN**

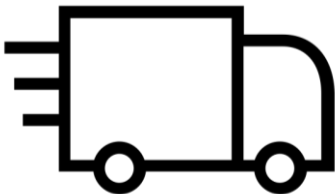


**CONTINUE TO MANAGE
FIXED EXPENSES**

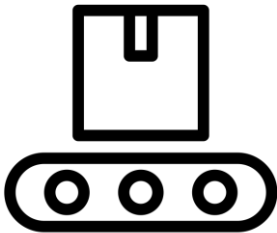


**MITIGATE FULFILLMENT &
LABOR COST PRESSURES**

OPTIMIZING SUPPLY CHAIN & INVENTORY FLOW



**DIVERSIFY CARRIER
CAPACITY**

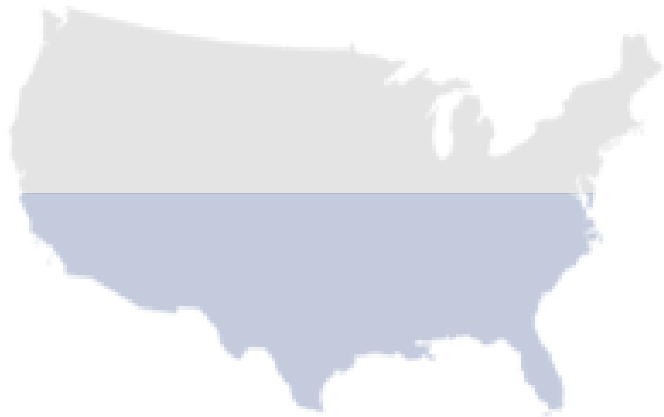


**INCREASE VELOCITY
& THROUGHPUT IN
DCs & FCs**



**POSITION
INVENTORY CLOSER
TO CUSTOMERS**

POSITIVE Q3 PERFORMANCE DRIVERS



8%↑

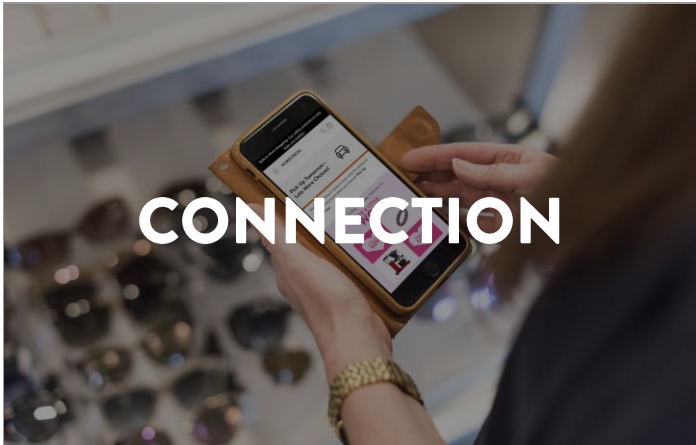
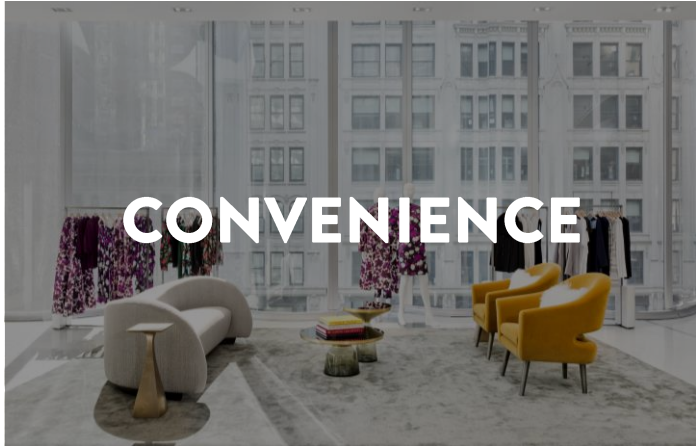
increase in store sales vs
Q3 '19 in Southern regions¹



1,300bps

outperformance of suburban vs
urban stores in Q3 '21¹

MARKET STRATEGY



4x

product available for
next-day pickup

1 day

faster average shipping
time

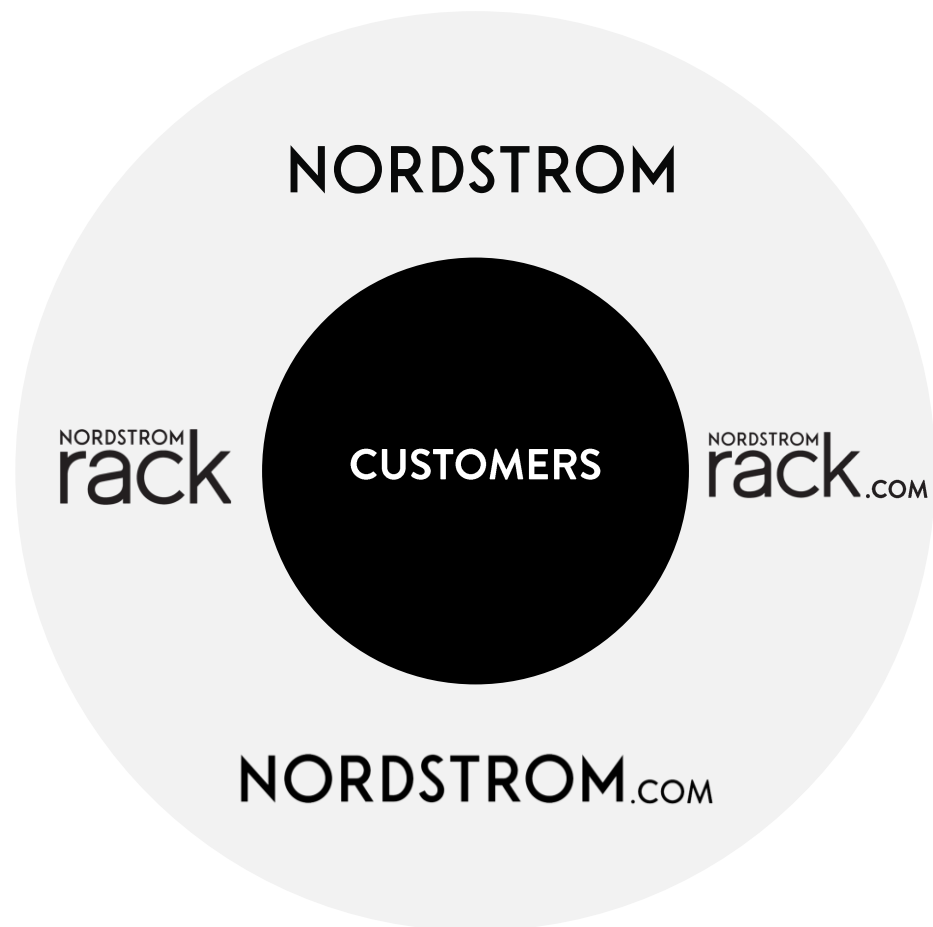
1/3

of next-day N.com
orders in Q3 were picked
up at a Rack store

12%

of Q3 digital demand was
from order pickup

THE VALUE OF OUR INTERCONNECTED MODEL



		<u>INCREASE IN SPEND</u>
SHOPS BOTH BANNERS, IN STORE & ONLINE	→	+12x
ENGAGES IN SERVICES	→	5x to 7x

INCREASING DIGITAL VELOCITY



20% ↑

increase in digital sales vs
Q3 '19 ¹

40%

digital penetration



PETE NORDSTROM

PRESIDENT & CHIEF BRAND OFFICER



DRIVING SALES AND MARGIN IMPROVEMENTS

DYNAMIC PRICING ANALYTICS



DATA-DRIVEN CATEGORY MANAGEMENT



NORDSTROM MADE BRAND EXPANSION



CATEGORY HIGHLIGHTS

CONTINUED STRENGTH IN PANDEMIC GROWTH CATEGORIES



Home → +95%¹
Active → +57%¹

DESIGNER REMAINS STRONG



Double Digit ↑¹

OCCASION-BASED CATEGORIES ARE RECOVERING



Sequential Improvements

CUSTOMER TRENDS



5% ↑

growth in loyalty sales
vs Q3 '19



65%

loyalty penetration, up
200 bps vs Q3 '19

EVOLVING OUR MERCHANDISING APPROACH

~8%

of sales came from
alternative partnership
models, up ~300 bps vs '19



 **Fanatics**
x
NORDSTROM



ASOS | NORDSTROM



NORDSTROM

HOLIDAY 2021



ANNE BRAMMAN

CHIEF FINANCIAL OFFICER



Q3 '21 RESULTS

<i>Better / (Worse)</i>	Q3 vs Q3 '20	Q3 vs Q3 '19
NET SALES	18%	(1%) ¹ <i>~+200 bps Anniversary shift</i>
GROSS PROFIT %	~230 bps	~80 bps
SG&A %	~(230 bps)	~(260 bps)
EBIT %	~5 bps	~(180 bps)

REAFFIRMING 2021 OUTLOOK

	FY2021
REVENUE GROWTH <i>YoY Growth</i>	35%+
EBIT <i>% of sales</i>	~3.0% to 3.5%
INCOME TAX	~27%
CAPEX <i>% of sales</i>	3% to 4%
LEVERAGE RATIO	~3x

OUR LONG-TERM CAPITAL ALLOCATION PRIORITIES

1

REINVEST IN THE BUSINESS

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

2

REDUCE LEVERAGE

- Combination of earnings improvement and debt reduction
- Targeting leverage ratio ~3x by end of FY21, and ~2.5x by end of FY22

3

RETURN CASH TO SHAREHOLDERS

- Targeting to be in a position to return cash to shareholders by the end of FY21

We remain committed to an investment grade credit rating



Q&A



NORDSTROM