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) **May 31, 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
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 May 31, 2023, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter ended April 29, 2023, its financial position as of April 29, 2023, and its cash flows for the quarter ended April 29, 2023 ("First Quarter Results"). A copy of this earnings release is furnished as Exhibit 99.1.

ITEM 7.01 Regulation FD Disclosure

On May 31, 2023, Nordstrom, Inc. issued an earnings release announcing its First 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 First Quarter Results and 2023 financial outlook, as posted on the Company's investor relations website, investor.nordstrom.com, on May 31, 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 9.01 Financial Statements and Exhibits

99.1	Nordstrom earnings release dated May 31, 2023 relating to the Company's First Quarter Results
99.2	Nordstrom earnings call commentary relating to the Company's First Quarter Results and 2023 financial outlook
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: May 31, 2023

Exhibit 99.1

NORDSTROM

Nordstrom Reports First Quarter 2023 Earnings

- *Company reports loss of $1.27 per share, adjusted earnings of $0.07 per share*[1]
- *Results reflect progress on Company's key priorities of Nordstrom Rack improvement, inventory productivity and supply chain optimization*
- *Reaffirms fiscal 2023 revenue and adjusted earnings outlook*

SEATTLE – May 31, 2023 – Nordstrom, Inc. (NYSE: JWN) today reported a first quarter net loss of $205 million and loss per diluted share of $1.27. Excluding charges related to the wind-down of Canadian operations, the Company reported adjusted earnings per diluted share ("EPS") of $0.07.[1]

For the first quarter ended April 29, 2023, net sales decreased 11.6 percent versus the same period in fiscal 2022, including a 175 basis point negative impact from the wind-down of Canadian operations, and gross merchandise value ("GMV") decreased 11.9 percent. Nordstrom banner net sales decreased 11.4 percent and GMV decreased 11.8 percent. Net sales for Nordstrom Rack decreased 11.9 percent.

The Company's first quarter results reflected progress on its key priorities. Nordstrom Rack sales trends improved late in the quarter, with the strongest performance in April, primarily driven by increased penetration of strategic brands in its merchandise mix. Gross profit margin expanded by 110 basis points over last year, reflecting the Company's focus on increasing inventory productivity. In addition, the Company continued to deliver efficiencies through its supply chain initiatives, which contributed over 100 basis points of improvement in variable costs within selling, general and administrative ("SG&A") expenses, helping to mitigate the impact of deleverage on lower sales.

"We are pleased with the progress we're making against the key priorities we laid out for 2023 as we continue to enhance our overall customer experience, improve Nordstrom Rack performance, increase inventory productivity and optimize our supply chain operations," said Erik Nordstrom, chief executive officer of Nordstrom, Inc. "We're encouraged by our momentum, especially given the uncertain macroeconomic environment. We remain focused on executing with agility and delivering long-term value to our shareholders."

"Our focus on these key priorities allows us to better serve our customers through great brands at great prices at the Rack and more product newness and better flow across our banners, while also positioning us for more profitable growth," said Pete Nordstrom, president and chief brand officer of Nordstrom, Inc. "We're grateful to our team for their hard work and focus, and we're excited to serve our customers with new and fresh selections from the best brands at our upcoming Anniversary Sale."

Most categories in the U.S. were down in the first quarter versus 2022, which benefited from strong pent-up demand for a return to occasions after the pandemic. Active was the strongest category, while beauty and men's apparel performed above average.

As previously announced, on May 17, 2023 the board of directors declared a quarterly cash dividend of $0.19 per share, payable on June 14, 2023, to shareholders of record at the close of business on May 30, 2023.

FIRST QUARTER 2023 SUMMARY

- Total Company net sales decreased 11.6 percent and GMV decreased 11.9 percent compared with the same period in fiscal 2022. The wind-down of Canadian operations had a negative impact on total Company net sales of 175 basis points. The first quarter of 2023 included one month of sales from Canadian operations, compared with a full quarter of sales from Canadian operations in the first quarter of 2022.
- For the Nordstrom banner, net sales decreased 11.4 percent and GMV decreased 11.8 percent compared with the same period in fiscal 2022. The wind-down of Canadian operations had a negative impact on Nordstrom banner net sales of 270 basis points.
- For the Nordstrom Rack banner, net sales decreased 11.9 percent compared with the same period in fiscal 2022. Eliminating store fulfillment for Nordstrom Rack digital orders during the third quarter of fiscal 2022 negatively impacted first quarter Rack banner sales by approximately 600 basis points.

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[1]Adjusted EPS 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.

- Digital sales decreased 17.4 percent compared with the same period in fiscal 2022. Collectively, eliminating store fulfillment for Nordstrom Rack digital orders during the third quarter of fiscal 2022 and sunsetting Trunk Club earlier in fiscal 2022 negatively impacted first quarter digital sales by approximately 800 basis points. Digital sales represented 36 percent of total sales during the quarter.
- Gross profit, as a percentage of net sales, of 33.8 percent increased 110 basis points compared with the same period in fiscal 2022, reflecting the Company's focus on increasing inventory productivity.
- Ending inventory decreased 7.8 percent compared with the same period in fiscal 2022, versus an 11.6 percent decrease in sales.
- SG&A expenses, as a percentage of net sales, of 36.0 percent increased 240 basis points compared with the same period in fiscal 2022. Excluding 120 basis points from a gain on the sale of the Company's interest in a corporate office building and an impairment charge related to costs associated with the wind-down of Trunk Club in the first quarter of fiscal 2022, SG&A expenses increased 120 basis points primarily due to deleverage from lower sales, partially offset by improvements in variable costs from supply chain efficiency initiatives.
- During the first quarter, the Company recorded $309 million of estimated pre-tax charges related to the wind-down of Canadian operations, consistent with its previously estimated range of $300 million to $350 million. The Company's first quarter 2023 results include Canadian operations through March 2, 2023, when it discontinued support for Nordstrom Canada.[2] The Company is early in the wind-down process and actual results may vary from estimates.
- Loss before interest and tax was $259 million in the first quarter of 2023, compared with earnings before interest and tax ("EBIT") of $73 million during the same period in fiscal 2022. Adjusted EBIT of $50 million in the first quarter of 2023 excluded one-time charges of $309 million related to the wind-down of Canadian operations. Adjusted EBIT of $32 million in the first quarter of 2022 excluded a $51 million gain on the sale of the Company's interest in a corporate office building and a $10 million impairment charge related to costs associated with the wind-down of Trunk Club.[3]
- Interest expense, net, of $28 million decreased from $35 million during the same period in fiscal 2022 due to higher interest income.
- Income tax benefit was $82 million, or 28.6 percent of pretax loss, compared with income tax expense of $18 million, or 46.8 percent of pretax earnings, in the same period in fiscal 2022. Excluding the approximately 22 percentage point impact of the wind-down of Canadian operations, income tax expense in the first quarter of 2023 was 50.7 percent of pretax earnings. Income tax expense in the first quarters of 2023 and 2022, respectively, each included discrete tax expense, primarily related to stock-based compensation, which increased the quarterly effective tax rates by 29.4 percentage points and 19.3 percentage points, respectively.
- The Company ended the first quarter with $1.4 billion in available liquidity, including $581 million in cash and the full $800 million available on its revolving line of credit.

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

STORES UPDATE

During and subsequent to the first quarter of 2023, the Company opened or relocated eight stores:

City	Location	Square Footage (000s)	Timing of Opening
Nordstrom Rack			
Los Angeles, CA	NOHO West	26	April 13, 2023
Clovis, CA	Clovis Crossing	31	April 13, 2023
Delray Beach, FL	Delray Place	26	May 11, 2023
Chattanooga, TN	The Terrace at Hamilton Place	24	May 18, 2023
Las Vegas, NV	Best in the West	31	May 18, 2023
Birmingham, AL	The Summit (relocation from River Ridge)	27	May 25, 2023
Wichita, KS	Bradley Fair	28	May 25, 2023
San Clemente, CA	San Clemente Plaza	32	May 25, 2023

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

City	Location	Square Footage (000s)	Timing of Opening
Nordstrom Rack			
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
Natomas, CA	The Promenade at Sacramento Gateway	26	Fall 2023
San Antonio, TX	Northwoods	35	Fall 2023
Kennesaw, GA	Barrett Place	25	Spring 2024
Elk Grove, CA	The Ridge Elk Grove	25	Spring 2024
Gilroy, CA	Gilroy Crossing	25	Spring 2024
Oceanside, CA	Pacific Coast Plaza	31	Spring 2024
Wheaton, IL	Danada Square East	29	Spring 2024
Snellville, GA	Presidential Markets	35	Spring 2024
Macedonia, OH	Macedonia Gateway	28	Spring 2024
Jacksonville Beach, FL	South Beach Regional	30	Spring 2024
San Mateo, CA	Bridgepointe Shopping Center	36	Fall 2024
Davis, CA	The Davis Collection	25	Spring 2025

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

	April 29, 2023	April 30, 2022
Nordstrom		
Nordstrom – U.S.	**94**	94
Nordstrom – Canada	**—**	6
Nordstrom Local service hubs	**7**	7
ASOS | Nordstrom	**1**	—
Nordstrom Rack		
Nordstrom Rack – U.S.	**243**	240
Nordstrom Rack – Canada	**—**	7
Last Chance clearance stores	**2**	2
Total	**347**	356
Gross store square footage	**26,259,000**	27,555,000

As of the first quarter of 2023, the Company removed the six Nordstrom stores and seven Nordstrom Rack stores in Canada from the table above as operations are being wound down.

FISCAL YEAR 2023 OUTLOOK

The Company reaffirmed its revenue and adjusted financial outlook for fiscal 2023, which includes a 53rd week and now reflects the estimated charges from the wind-down of Canadian operations and related tax impacts recorded in the first quarter:

- 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 1.5 to 2.0 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 6 percent, including an approximately 2,100 basis point favorable impact primarily from the one-time Canada charges
- EPS (including the negative impact of charges related to the wind-down of Canadian operations) of $0.60 to $1.00, 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]

CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to provide a business update and to discuss first quarter 2023 financial results and fiscal 2023 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. 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 13738446, until the close of business on June 7, 2023.

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[4]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.

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 28, 2023, and our Form 10-Q for the fiscal quarter ended April 29, 2023, to be filed with the SEC on or about June 7, 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	
	April 29, 2023	**April 30, 2022**
Net sales	**$3,064**	$3,467
Credit card revenues, net	**117**	102
Total revenues	**3,181**	3,569
Cost of sales and related buying and occupancy costs	**(2,028)**	(2,331)
Selling, general and administrative expenses	**(1,103)**	(1,165)
Canada wind-down costs	**(309)**	—
(Loss) earnings before interest and income taxes	**(259)**	73
Interest expense, net	**(28)**	(35)
(Loss) earnings before income taxes	**(287)**	38
Income tax benefit (expense)	**82**	(18)
Net (loss) earnings	**($205)**	$20
(Loss) earnings per share:		
Basic	**($1.27)**	$0.13
Diluted	**($1.27)**	$0.13
Weighted-average shares outstanding:		
Basic	**160.8**	160.1
Diluted	**160.8**	162.9
Percent of net sales:		
Gross profit	**33.8 %**	32.8 %
Selling, general and administrative expenses	**36.0 %**	33.6 %
(Loss) earnings before interest and income taxes	**(8.5 %)**	2.1 %

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

	April 29, 2023	January 28, 2023	April 30, 2022
Assets			
Current assets:			
Cash and cash equivalents	**$581**	$687	$484
Accounts receivable, net	**279**	265	297
Merchandise inventories	**2,237**	1,941	2,426
Prepaid expenses and other current assets	**414**	316	332
Total current assets	**3,511**	3,209	3,539
Land, property and equipment (net of accumulated depreciation of $8,133, $8,289 and $7,834)	**3,197**	3,351	3,505
Operating lease right-of-use assets	**1,393**	1,470	1,497
Goodwill	**249**	249	249
Other assets	**478**	466	384
Total assets	**$8,828**	$8,745	$9,174
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	**1,674**	1,238	1,898
Accrued salaries, wages and related benefits	**246**	291	241
Current portion of operating lease liabilities	**249**	258	250
Other current liabilities	**1,236**	1,203	1,198
Current portion of long-term debt	**249**	—	—
Total current liabilities	**3,654**	2,990	3,587
Long-term debt, net	**2,608**	2,856	2,854
Non-current operating lease liabilities	**1,406**	1,526	1,566
Other liabilities	**609**	634	578
Commitments and contingencies			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 161.4, 160.1 and 160.5 shares issued and outstanding	**3,372**	3,353	3,301
Accumulated deficit	**(2,824)**	(2,588)	(2,662)
Accumulated other comprehensive gain (loss)	**3**	(26)	(50)
Total shareholders' equity	**551**	739	589
Total liabilities and shareholders' equity	**$8,828**	$8,745	$9,174

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

	Quarter Ended	
	April 29, 2023	**April 30, 2022**
Operating Activities		
Net (loss) earnings	**($205)**	$20
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Depreciation and amortization expenses	**144**	152
Canada wind-down costs	**220**	—
Right-of-use asset amortization	**43**	47
Deferred income taxes, net	**(16)**	(13)
Stock-based compensation expense	**14**	19
Other, net	**(25)**	(45)
Change in operating assets and liabilities:		
Merchandise inventories	**(296)**	(19)
Other current and noncurrent assets	**(112)**	(42)
Accounts payable	**301**	233
Accrued salaries, wages and related benefits	**(39)**	(143)
Lease liabilities	**(67)**	(65)
Other current and noncurrent liabilities	**54**	43
Net cash provided by operating activities	**16**	187
Investing Activities		
Capital expenditures	**(106)**	(96)
Decrease in cash and cash equivalents resulting from Canada deconsolidation	**(33)**	—
Proceeds from the sale of assets and other, net	**16**	85
Net cash used in investing activities	**(123)**	(11)
Financing Activities		
Change in cash book overdrafts	**29**	16
Cash dividends paid	**(30)**	(30)
Proceeds from issuances under stock compensation plans	**11**	8
Other, net	**(9)**	(8)
Net cash provided by (used in) financing activities	**1**	(14)
Net (decrease) increase in cash and cash equivalents	**(106)**	162
Cash and cash equivalents at beginning of period	**687**	322
Cash and cash equivalents at end of period	**$581**	$484

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. 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 (loss) earnings to adjusted EBIT and adjusted EBITDA and net earnings as a percent of net sales to adjusted EBIT margin:

	Quarter Ended	
	April 29, 2023	**April 30, 2022**
Net (loss) earnings	**($205)**	$20
Income tax (benefit) expense	**(82)**	18
Interest expense, net	**28**	35
(Loss) earnings before interest and income taxes	**(259)**	73
Canada wind-down costs	**309**	—
Trunk Club wind-down costs	**—**	10
Gain on sale of interest in a corporate office building	**—**	(51)
Adjusted EBIT	**50**	32
Depreciation and amortization expenses	**144**	152
Amortization of developer reimbursements	**(17)**	(18)
Adjusted EBITDA	**$177**	$166
Net sales	**$3,064**	$3,467
Net (loss) earnings as a % of net sales	**(6.7%)**	0.6%
EBIT margin %	**(8.5%)**	2.1%
Adjusted EBIT margin %	**1.6%**	0.9%

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

	Quarter Ended	
	April 29, 2023	**April 30, 2022**
Diluted EPS	**($1.27)**	$0.13
Canada wind-down costs	**1.92**	—
Trunk Club wind-down costs	**—**	0.06
Gain on sale of interest in a corporate office building	**—**	(0.32)
Income tax impact on adjustments[1]	**(0.58)**	0.07
Adjusted EPS	**$0.07**	($0.06)

[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; dollars in millions)

Our Nordstrom brand includes Nordstrom.com, Nordstrom U.S. stores, Nordstrom Local and ASOS | Nordstrom. Nordstrom also included Canada operations prior to March 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores; and TrunkClub.com prior to October 2022. 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 first quarter of 2023, compared with the first quarter of 2022:

	Quarter Ended	
	April 29, 2023	**April 30, 2022**
Net sales:		
Nordstrom	**$2,027**	$2,289
Nordstrom Rack	**1,037**	1,178
Total net sales	**$3,064**	$3,467
Net sales (decrease) increase:		
Nordstrom	**(11.4 %)**	23.5 %
Nordstrom Rack	**(11.9 %)**	10.3 %
Total Company	**(11.6 %)**	18.7 %
Digital sales as % of total net sales[1]	**36 %**	39 %

[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 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 2023 excludes the impacts from certain items that we do not consider representative of our core operating performance. These items include charges from the wind-down of Canadian operations recognized in the first quarter of 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	**0.7%**	**1.1%**
Income tax expense	—%	0.1%
Interest expense, net	0.8%	0.8%
Expected EBIT as a % of net sales	1.5%	2.0%
Canada wind-down costs	2.2%	2.2%
Expected adjusted EBIT margin	**3.7%**	**4.2%**

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

	53 Weeks Ending February 3, 2024	
	Low	**High**
Expected diluted EPS	**$0.60**	**$1.00**
Canada wind-down costs	1.89	1.89
Income tax impact on adjustments	(0.69)	(0.69)
Expected adjusted EPS	**$1.80**	**$2.20**

NORDSTROM, INC.
ADJUSTED RETURN ON INVESTED CAPITAL (“ADJUSTED ROIC”)
(NON-GAAP FINANCIAL MEASURE)
(unaudited; dollars 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	
	April 29, 2023	**April 30, 2022**
Net earnings	**$20**	$364
Income tax (benefit) expense	**(8)**	142
Interest expense	**138**	145
Earnings before interest and income tax expense	**150**	651
Operating lease interest[1]	**85**	86
Adjusted net operating profit	**235**	737
Estimated income tax benefit (expense)[2]	**166**	(206)
Adjusted net operating profit after tax	**$401**	$531
Average total assets	**$9,061**	$9,228
Average non-current deferred property incentives in excess of operating lease right-of-use (ROU) assets[3]	**(188)**	(223)
Average non-interest bearing current liabilities	**(3,203)**	(3,347)
Average invested capital	**$5,670**	$5,658
Return on assets	**0.2 %**	3.9 %
Adjusted ROIC[4]	**7.1 %**	9.4 %

[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 benefit (expense) is calculated by multiplying the adjusted net operating profit by the effective tax rate for the trailing twelve-month periods ended April 29, 2023 and April 30, 2022. The effective tax rate is calculated by dividing income tax 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 Condensed 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.

[4] Results for the four quarters ended April 29, 2023 included the $309 impact of the Canada wind-down in the first quarter of 2023, which negatively impacted return on assets by approximately 240 basis points and had an immaterial impact on Adjusted ROIC.

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 the updates in 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. 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:

	April 29, 2023
Debt	**$2,857**
Operating lease liabilities	**1,655**
Adjusted debt	**$4,512**

	Four Quarters Ended April 29, 2023
Net earnings	**$20**
Income tax benefit	**(8)**
Interest expense, net	**121**
Earnings before interest and income taxes	**133**
Depreciation and amortization expenses	**597**
Operating lease cost[1]	**275**
Amortization of developer reimbursements[2]	**71**
Other Revolver covenant adjustments[3]	**418**
Adjusted EBITDAR	**$1,494**
Debt to Net Earnings	**141.4**
Adjusted debt to EBITDAR	**3.0**

[1] Operating lease cost is fixed rent expense, including fixed common 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 April 29, 2023, other Revolver covenant adjustments primarily included costs associated with the wind-down of our Canadian operations, a supply chain technology and related asset impairment and the wind-down of Trunk Club.

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:

	Quarter Ended	
	April 29, 2023	**April 30, 2022**
Net cash provided by operating activities	**$16**	$187
Capital expenditures	**(106)**	(96)
Change in cash book overdrafts	**29**	16
Free Cash Flow	**($61)**	$107

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Q1 2023 NORDSTROM EARNINGS CALL — PREPARED REMARKS

ERIK NORDSTROM | CHIEF EXECUTIVE OFFICER

For the first quarter, we delivered net sales of $3.1 billion, a loss per share of $1.27 and adjusted earnings per share of 7 cents. Adjusted earnings were higher than the first quarter of last year despite lower sales, reflecting the progress we are making against the priorities we laid out at the beginning of the year: improving Nordstrom Rack performance, increasing inventory productivity, and optimizing our supply chain.

As we've seen since June of last year, customer demand continued to be pressured given the current macroeconomic backdrop, which impacted our topline results across both banners. By comparison, the first quarter of 2022 benefited from a strong pent-up demand for a return to occasions as the pandemic receded. As a result, our year-over-year sales comparisons for Q1 were difficult, but those comparisons get progressively easier as we proceed through the year.

Given the uncertain macro environment, we remain focused on executing with agility. Our three key priorities position us for improved profitability in 2023 and a return to long-term profitable growth. I'd now like to talk about our progress against those priorities during the first quarter.

Our first priority is to improve the performance of Nordstrom Rack. We're pleased with the progress our teams are making across multiple fronts. Consistent with our customer promise to deliver great brands at great prices, we've increased the penetration of our top-performing strategic brands. As strategic brand penetration increases, we are seeing Rack sales trends improve. April was our best month of the quarter, and we have continued to see trends improve in May.

We also continued to expand our reach and convenience for customers by opening two new stores during the quarter, which, together with the two stores we opened last year, have performed well so far, with sales productivity exceeding the fleet average. Rack stores are a great investment, with returns that exceed our cost of capital and a short payback period. They also represent the largest source of new customers for Nordstrom. We are excited to roll out to more markets as we expand our Rack footprint. We opened six more stores in May, and plan to open 13 additional new stores later this year. With an improved assortment and more new stores, we expect Rack performance to sequentially improve throughout 2023.

Moving to our second priority of increasing inventory productivity, we are managing with leaner and more current inventories, improved sell-through and faster turn across most of our categories, resulting in a 110 basis point increase in our gross profit margin over the first quarter of last year. Overall inventory levels were 8% lower than last year with non-Designer inventory down 11%. Pete will talk more about the performance of our Designer business and the actions we're taking to right-size our Designer inventory.

We continued to make significant progress on our third priority, optimizing our supply chain. For the third consecutive quarter, variable supply chain costs fell by over 100 basis points as a rate of sales versus the prior year, helping to mitigate overall SG&A deleverage on lower sales. We are continuing to increase productivity throughout our network, reduce transportation costs and shorten delivery time to customers.

To illustrate our progress, we made double-digit improvements in productivity and throughput in our distribution and fulfillment centers. In addition, we are delivering better service to our customers through faster delivery, with overall delivery speed up 9% from last year. Supply chain is the largest component of our SG&A expenses, and we believe there is more opportunity to improve our efficiency and drive overall expense leverage as sales improve.

I'm also thrilled we added new leaders to help us advance our strategic priorities. We welcomed Cathy Smith as our chief financial officer and Jason Morris as chief technology and information officer. They will play a critical role as we continue to advance our Closer to You strategy. Cathy has a long track record as CFO with many well-known brands and brings deep expertise in retail. I look forward to having her join our next earnings call. In addition, we welcomed Atticus Tysen and Eric Sprunk to our board of directors this year. Together, they bring a wealth of expertise in retail, including in technology, cybersecurity and operational excellence.

In summary, we are delivering on our priorities to improve profitability against what remains an uncertain macro environment. We believe continued focus and execution will drive incremental improvement over the balance of the year, and will position us well to create long-term shareholder value. We look forward to sharing our continued progress in the quarters ahead.

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

PETE NORDSTROM | PRESIDENT AND CHIEF BRAND OFFICER

Thanks, and good afternoon, everyone.

Erik discussed the progress we're making against our key priorities, so I'll focus my remarks on our category performance and our approach to agile inventory management.

Starting with category performance…

- Most categories had tough comparisons to last year's strong double-digit increases from pent-up demand coming out of the pandemic. Still, this quarter, both Men's and Women's Active apparel and sneakers performed well. Beauty and Men's Apparel performed better than average, with Men's Dresswear continuing to be strong.
- Within Active, customers responded well to our fresh offerings from powerhouse brand partners like Nike, as well as newer brands like Vuori, On and HOKA. Our ability to partner with up-and-coming brands and scale them highlights the important role we play in helping customers discover new and exciting products.
- Designer was our toughest category, continuing the trend we saw last quarter.

Moving to inventory management…

Our focus on improving inventory productivity helped us deliver more than 100 basis points of gross profit margin improvement in the first quarter.

During our Q2 earnings call last August, we talked about our work to right size inventory in four areas:

- First, unproductive regular price merchandise, primarily in the Nordstrom banner, which required deeper markdowns to clear through the back half of the year;

- Second, our private brands product, which had soft performance last year;
- Third, lower price point items at Nordstrom Rack, which did not resonate with our customer;
- And fourth, Designer, where trends decelerated after exceptionally strong growth during the pandemic.

We took additional markdowns in the second half of 2022 as we prioritized finishing the year with leaner and healthier inventory levels. In '23, we are managing with conservative plans and targeting faster turns. At the Rack banner, we’ve increased the penetration of strategic brands, which had strong sell-through during the first quarter and are contributing to our faster inventory turn. At both banners, we’re encouraged to see improved performance in our private brands product, which contributed meaningfully to sales in Men’s Dresswear and was also the number one volume driver at Nordstrom Rack.

As a result of these efforts, we are now well positioned in three of the four areas of excess inventory we discussed last year, and we are actively working to address Designer.

Designer has a longer buying cycle and takes more time to clear excess product. The category had a strong run-up during the pandemic, and we’re now seeing demand normalize. We are working to right size our Designer inventory, which will include incremental markdowns over the balance of this year. The potential impact is already reflected in our financial outlook for the year. It’s important to note that Designer sales in Q1 remained above pre-pandemic levels. Overall, the category continues to be a strong contributor to our core offering and a key differentiator to our unique breadth of selection.

In addition to managing our merchandise mix with greater precision across our banners, we are also enhancing our capabilities to manage inventory with higher accuracy at the unit level through investments in RFID and the shift to cost accounting for internal merchandising. We completed the internal shift to cost accounting in Q1 and began to launch RFID. These capabilities will 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.

Looking forward, we are excited to serve our customers during our upcoming Anniversary Sale. Our event offers a uniquely curated and diverse assortment of new product from our best brands that will inspire customers across all categories and occasions. This year, we are enhancing our Anniversary experience based on customer feedback, providing more ways to participate, and delivering the right product while also driving higher profitability. We are focused on engaging and rewarding our best customers through targeted in-store and digital experiences, and our print catalog is back by popular demand. We have optimized our inventory mix to include more product from the most highly coveted brands, including some exciting new first-time brands.

We are excited about our approach to Anniversary, which is highly anticipated by our customers and has an outsized impact on our second quarter and fiscal year results.

In closing, we’re encouraged to see the early results of the disciplined execution of our operational priorities. We’re delivering a better customer experience and improving financial outcomes through these ongoing efforts.

I'll now turn it back over to Erik to say a few words before Michael discusses our financial results.

ERIK NORDSTROM | CHIEF EXECUTIVE OFFICER

Before I turn over to Michael, I would like to thank him not only for serving as a great partner in his expanded role as interim CFO during this important transition, but also for his dedication to our customers, our employees and our shareholders. Michael, you have made significant contributions to our business over the past 13 years, including guiding many strategic initiatives during and after the pandemic, and you have been an integral part in building an outstanding finance organization. Many of you know Michael and I know you would agree that not only is he an outstanding finance executive and a tremendous leader, I will tell you he is an even better person. Thank you for your leadership over the years. We wish you all the best in your next chapter.

MICHAEL MAHER | CHIEF ACCOUNTING OFFICER

Thanks, Erik. It's been a privilege to be part of such a great organization.

I'll talk now about our first quarter results, and then discuss our outlook for the remainder of 2023.

For the first quarter, we reported a loss per share of $1.27. After excluding the charges from the wind-down of Canadian operations, adjusted earnings per share was 7 cents, compared to an adjusted loss per share of 6 cents in the prior year.

Net sales as well as gross merchandise value, or GMV, decreased 12 percent in Q1. Net sales included a negative impact of 175 basis points from the wind-down of Canadian operations. During the quarter, sales trends softened in March but recovered in April, with the most pronounced improvement at Rack.

Nordstrom banner sales decreased 11 percent and GMV decreased 12 percent versus last year. The wind-down of Canadian operations had a negative impact on Nordstrom banner net sales of 270 basis points.

Nordstrom Rack sales decreased 12 percent, with approximately 600 basis points of this decline attributable to the elimination of store fulfillment of Rack digital orders starting in the third quarter of 2022.

Digital sales decreased 17 percent in the first quarter, including an estimated 800 basis point negative impact from eliminating store fulfillment of Rack digital orders in the third quarter of 2022 and sunsetting Trunk Club earlier in 2022.

Gross profit as a percentage of net sales increased 110 basis points, reflecting our focus on improving inventory productivity. Ending inventory decreased 8 percent versus last year, compared to a 12 percent decrease in sales. Inventory levels for categories outside of Designer are in line with our sales trend. We remain committed to a disciplined approach to inventory management, with a goal of improving turns by at least 10 percent this year.

Total SG&A as a percentage of net sales increased 240 basis points in the first quarter. Half of the increase was due to the comparison to one-time items in the first quarter of last year, with the remainder driven by deleverage from lower sales. Our ongoing initiatives to improve our supply chain delivered improvements in variable costs, which helped to partially offset the deleverage impact. This marks the third consecutive quarter where we have delivered at least 100 basis points of improvement in our variable costs as a percentage of sales, reflecting our teams' focus on improving the efficiency of our operations. We are pleased with the momentum in our supply chain initiatives and expect additional benefits from these efforts throughout the year.

The wind-down of our Canadian operations is on track, with all stores expected to be closed by the end of June. We recorded $309 million in pre-tax expenses related to the wind-down in the first quarter, toward the low end of our previous estimate range of $300 to $350 million.

EBIT margin was negative 8.5 percent for the first quarter. After excluding the charges from the wind-down of Canadian operations this year, adjusted EBIT margin was positive 1.6 percent, versus an adjusted EBIT margin of 0.9 percent in the first quarter of last year. Adjusted EBIT increased $18 million over last year despite $403 million lower sales, reflecting progress on our profit improvement initiatives.

We continue to maintain a solid balance sheet and financial position, ending the first quarter with $1.4 billion in available liquidity, including the full $800 million available on our revolving line of credit.

Turning to our outlook for the remainder of 2023, I'll first cover the backdrop and related assumptions underlying our guidance.

We expect elevated inflation and interest rates will continue to pressure consumer spending throughout the year. We also expect to make continued progress on our key priorities, which will help improve our profitability and mitigate inflationary cost pressures.

Taking these factors into consideration, we are reaffirming our outlook for revenue, adjusted EBIT and adjusted earnings per share. We are updating our outlook to reflect the charge related to the wind-down of Canadian operations and related tax impacts.

I'll highlight a few factors that shape our outlook in the first and second half of the year for revenue and EBIT margin, starting with revenue.

We continue to expect revenue to decline 4 to 6 percent versus 2022. This outlook includes 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. It also includes 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.

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.

We expect sequential improvements in our business in the second quarter, and building 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 reminder, 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.

As a result of these factors, we expect a slight sequential improvement in our top line trend in the second quarter, resulting in a low double-digit decrease in total revenue for the first half, followed by a low single-digit percentage increase in the second half, versus the prior year.

Turning to EBIT, we remain on track to deliver on our previous outlook for 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. We do not expect gross profit margin expansion in the second quarter, as we will lap our best gross profit margin of 2022, which was approximately 200 basis points higher than the second half of the year.

We expect SG&A expenses will continue to de-leverage in the second quarter on lower sales, partially mitigated by continued progress on our supply chain optimization efforts. We expect more favorable SG&A expense rate comparisons in the second half of the year as sales trends improve.

Given these revenue, gross margin and expense assumptions, we continue to expect adjusted EBIT margin to decrease slightly in the first half of the year, and to increase in the second half of the year, relative to 2022.

We are also reaffirming our outlook for adjusted EPS for the full year. On a GAAP basis, we updated estimates for the Canadian wind-down charges and related tax impact. Our revised GAAP earnings per share outlook is now 60 cents to 1 dollar for the full year. Excluding the impact of these charges, we continue to expect adjusted earnings per share of $1.80 to $2.20 for the full year. Our EPS projections exclude the impact of share repurchases, if any.

Shifting to capital allocation, our priorities remain unchanged. Our first priority as always is investing in the business to better serve our customers and support long-term growth. We continue to plan for capital expenditures of 3 to 4 percent of net sales.

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 continue to target a leverage ratio below 2.5 times.

Our third priority is returning cash to shareholders. Earlier this month, our board of directors declared a quarterly cash dividend of $0.19 per share. We repurchased a very small number of shares during the first quarter. We will continue to take a measured approach to share repurchases, as we also take into account the macroeconomic environment and market conditions.

As you've heard from our call today, we continue to execute with agility given uncertainty in the macroeconomic environment. We are making progress in our focus areas, which will continue to drive greater profitability through improving the performance of Rack, increasing inventory productivity, and optimizing our supply chain initiatives. We are confident in our ability to navigate through the near-term challenges and remain excited about the future of Nordstrom and our ability to deliver significant shareholder value over time.