



Q3 2023 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.

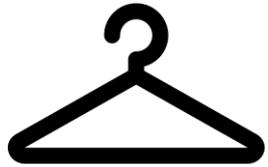
Adjusted EBIT and adjusted EPS are non-GAAP financial measures. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Reconciliations of these measures to the most directly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

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



DELIVERED Q3 PROFIT GROWTH DESPITE LOWER SALES AND CHALLENGING ENVIRONMENT



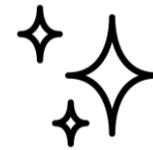
Revenue of \$3.3B

Net sales down (7%)
vs Q3 '22



**Adj. EPS up
vs Q3 '22¹**

\$0.25 vs \$0.20²



**Lower inventory
position**

Down (9%) vs Q3 '22



**Excited for holiday
assortment and
experiences**

¹Adjusted EPS is a non-GAAP financial measure. Refer to the "Adjusted EBIT & EPS (Non-GAAP Measures)" slide of this presentation for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

²Excludes impacts from wind-down of Canadian operations in Q3 '23 and supply chain technology and related asset impairment in Q3 '22, respectively.

2023 ACTIONS TO EXPAND MARKET SHARE AND IMPROVE PROFITABILITY



Enhancing **customer experience** by:

Improving
Rack performance

Increasing
inventory productivity

Optimizing
supply chain capabilities

IMPROVING RACK PERFORMANCE

Delivering great brands at great prices, to drive sales and grow market share



Expanding reach and convenience for customers with new Rack stores



Driving greater engagement and profitability at NordstromRack.com



INCREASING INVENTORY PRODUCTIVITY



Total inventory down (9%), versus sales decrease of (7%)



Gross margin of 35.0%:

- Expanded 180bps vs Q3 '22
- Fewer markdowns required



RFID enhancing inventory integrity and improving operational productivity



OPTIMIZING SUPPLY CHAIN CAPABILITIES



Building on momentum to improve customer experience and drive expense efficiency, getting orders to the customer faster and at lower cost



Drove 50bps improvement in variable supply chain costs in Q3, despite lapping 100bps+ improvement in '22

CONGRATULATIONS TO OUR NEW LEADERS



Jamie Nordstrom, chief merchandising officer

Fanya Chandler, president, Nordstrom stores

Gemma Lionello, president, Nordstrom Rack

Lisa Price, chief human resources officer

Guy Persaud, director

PETE NORDSTROM

PRESIDENT



MOST CATEGORIES IMPROVED SEQUENTIALLY IN Q3

Active



Beauty



Accessories



IMPROVING INVENTORY POSITION

Focused on:

- **Providing balance of newness and relevance that our customers want**
- **Ensuring smooth flow of inventory**
- **Right-sizing designer inventory to meet demand and end FY23 in an improved inventory position in this category**



HAPPY HOLIDAYS



Offering newness while investing in holiday favorites

Collaboration with Disney for its 100th anniversary, available in 25 stores and online

20+ new gifting guides and curated gift categories

Festive assortment and strong gifting selection at Rack

CATHY SMITH

CHIEF FINANCIAL OFFICER



Q3 SALES RESULTS



Total JWN

7% ↓

decrease in net sales
incl. (270bps) negative impact from
wind-down of Canadian operations
and ~200bps positive impact from
Anniversary Sale timing shift

11% ↓

decrease in digital sales
incl. (~100bps) negative impact
from Rack store fulfill elimination
and ~400bps positive impact from
Anniversary Sale timing shift

Nordstrom Banner

9% ↓

decrease in net sales
incl. (410bps) negative impact from
wind-down of Canadian operations
and ~300bps positive impact from
Anniversary Sale timing shift

Rack Banner

2% ↓

decrease in net sales
incl. (~100bps) negative impact from
Rack store fulfill elimination

Q3 '23: IMPROVEMENT IN GROSS PROFIT AND EARNINGS, DESPITE LOWER SALES

	Actuals	Change
<i>Better / (Worse)</i>		vs Q3 '22
NET SALES	\$3.20B	(6.8%)
GROSS PROFIT %	35.0%	180bps
SG&A % <i>Ex-Q3 '22 one-timer¹</i>	36.3%	5bps (200bps)
EBIT %	3.2%	310bps
ADJUSTED EBIT %^{1,2,3}	2.4%	25bps

¹Excludes impact from Q3 '22 supply chain technology and related asset impairment charge.

²Excludes impact from Q3 '23 favorable true-up related to the wind-down of Canadian operations.

³Adjusted EBIT is a non-GAAP financial measure. Refer to the "Adjusted EBIT & EPS (Non-GAAP Measure)" slide of this presentation for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

2023 OUTLOOK

	Updated	Previous
Revenue <i>YoY growth (decline)</i>	(4%) to (6%)	(4%) to (6%)
EBIT Adjusted EBIT¹ <i>% of sales</i>	1.8% to 2.1% 3.8% to 4.1%	1.5% to 2.0% 3.7% to 4.2%
Income tax Income tax ex-Canada charges²	~21% ~29%	~6% ~27%
Earnings per share Adjusted earnings per share¹ <i>Excluding share repurchases, if any</i>	\$0.74 to \$0.94 \$1.90 to \$2.10	\$0.60 to \$1.00 \$1.80 to \$2.20

Considerations

Revenue

- \$200M or 1.3% impact from 53rd week
- Credit card delinquencies rising but within our expectations

EBIT

- Expect year-over-year adjusted EBIT margin expansion in Q4, driven by gross margin

¹Adjusted 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.

²Updated outlook excludes ~800bps impact from Canada wind-down costs; previous excludes ~2,100bps.

OUR CAPITAL ALLOCATION PRIORITIES REMAIN UNCHANGED

1

REINVEST IN THE BUSINESS

- CAPEX of 3% to 4% of net sales

2

REDUCE LEVERAGE

- Targeting leverage ratio below 2.5x over time
- Through combination of earnings improvement and debt reduction

3

RETURN CASH TO SHAREHOLDERS

- Announced quarterly dividend of \$0.19 per share
- \$438M remaining on May 2022 repurchase authorization

We remain committed to an investment grade credit rating



Q&A

NORDSTROM

HOME FOR THE HOLIDAYS



ADJUSTED EBIT & EPS (NON-GAAP MEASURES)

	Quarter ended October 28, 2023	
	\$M	% of Sales
Net sales	\$3,200	
Net earnings	\$67	2.1%
Income tax expense	11	
Interest expense, net	24	
Earnings before interest and income taxes	\$102	3.2%
Canada wind-down costs	(25)	
Adjusted EBIT	\$77	2.4%

	Q3 '23	Q3 '22
Diluted EPS (loss per share)	\$0.41	(\$0.13)
Canada wind-down costs	(0.15)	-
Supply chain impairment	-	0.44
Income tax impact on adjustments	(0.01)	(0.11)
Adjusted EPS	\$0.25	\$0.20

FORWARD-LOOKING NON-GAAP MEASURES

	Year ended February 3, 2024	
	<i>Low</i>	<i>High</i>
Expected net earnings as a % of net sales	0.9%	1.1%
Income tax expense	0.2%	0.3%
Interest expense, net	0.7%	0.7%
Expected EBIT as a % of net sales	1.8%	2.1%
Canada wind-down costs	2.0%	2.0%
Expected adjusted EBIT margin	3.8%	4.1%
Expected EPS	\$0.74	\$0.94
Canada wind-down costs	1.74	1.74
Income tax impact on adjustment	(0.58)	(0.58)
Expected adjusted EPS	\$1.90	\$2.10