

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 2, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-15059

NORDSTROM

Nordstrom, Inc.

(Exact name of registrant as specified in its charter)

Washington

(State or other jurisdiction of
incorporation or organization)

91-0515058

(I.R.S. Employer
Identification No.)

1617 Sixth Avenue, Seattle, Washington 98101

(Address of principal executive offices)

206-628-2111

(Registrant's telephone number, including area code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Common stock outstanding as of November 29, 2024: 164,906,936 shares

TABLE OF CONTENTS

	Page
FORWARD-LOOKING STATEMENTS	3
DEFINITIONS OF COMMONLY USED TERMS	5
PART I — FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited).	6
Condensed Consolidated Statements of Earnings	6
Condensed Consolidated Statements of Comprehensive Earnings	6
Condensed Consolidated Balance Sheets	7
Condensed Consolidated Statements of Shareholders' Equity	8
Condensed Consolidated Statements of Cash Flows	9
Notes to Condensed Consolidated Financial Statements	
Note 1: Basis of Presentation	10
Note 2: Revenue	12
Note 3: Debt and Credit Facilities	13
Note 4: Fair Value Measurements	14
Note 5: Stock-based Compensation	15
Note 6: Shareholders' Equity	15
Note 7: Earnings Per Share	16
Note 8: Segment Reporting	16
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	17
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	28
Item 4. Controls and Procedures.	29
PART II — OTHER INFORMATION	
Item 1. Legal Proceedings.	29
Item 1A. Risk Factors.	29
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	30
Item 3. Defaults Upon Senior Securities.	30
Item 4. Mine Safety Disclosures.	30
Item 5. Other Information.	30
Item 6. Exhibits.	30
Exhibit Index	31
Signatures	32

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements regarding matters that are not historical facts, and are based on our management's beliefs and assumptions and on information currently available to our management. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. In some cases, forward-looking statements can be identified by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential," "pursue," "going forward" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, our anticipated financial outlook for the fiscal year ending February 1, 2025, trends in our operations and the following:

Strategic and Operational

- successful execution of our customer strategy to provide customers superior service, products and experiences, online, through our fulfillment capabilities and in stores,
- timely and effective implementation and execution of our evolving business model, including:
 - winning at our market strategy by providing a differentiated and seamless experience, which consists of the integration of our digital and physical assets, development of new supply chain capabilities and timely delivery of products,
 - broadening the reach of Nordstrom Rack, including delivering great brands at great prices and leveraging our digital and physical assets,
 - enhancing our platforms and processes to deliver core capabilities to drive customer, employee and partner experiences both digitally and in stores,
- our ability to effectively manage our merchandise strategy, including our ability to offer compelling assortments and optimize our inventory to ensure we have the right product mix and quantity in each of our channels and locations, allowing us to get closer to our customers,
- our ability to effectively allocate and scale our marketing strategies and resources, as well as realize the expected benefits of Nordstrom Media Network, The Nordy Club, advertising and promotional campaigns,
- our ability to respond to the evolving retail environment, including new fashion trends, environmental considerations and our customers' changing expectations of service and experience in stores and online, and our development and outcome of new market strategies and customer offerings,
- our ability to mitigate the effects of any disruptions in the global supply chain, including factory closures, transportation challenges or stoppages of certain imports, and rising prices of raw materials and freight expenses,
- our ability to control costs through effective inventory management and supply chain processes and systems,
- the potential impacts of the Board of Director's consideration of potential avenues to enhance shareholder value, including the disclosure of a possible "going private" transaction being explored by our Chief Executive Officer and our President and Chief Brand Officer, on our business, financial condition and results of operations, as well as our stock price,
- our ability to acquire, develop and retain qualified and diverse talent by providing appropriate training, compelling work environments and competitive compensation and benefits, especially in areas with increased market compensation, all in the context of any labor shortage and competition for talent,
- our ability to realize expected benefits, anticipate and respond to potential risks and appropriately manage costs associated with our credit card revenue sharing program,
- potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames or if our strategic direction changes,

Data, Cybersecurity and Information Technology

- successful execution of our information technology strategy, including engagement with third-party service providers,
- the impact of any system or network failures, cybersecurity and/or security breaches, including any security breach of our systems or those of a third-party provider that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information, or that results in the interruption of business processes or causes financial loss, and our compliance with information security and privacy laws and regulations, as well as third-party contractual obligations in the event of such an incident,

Reputation and Relationships

- our ability to maintain our reputation and relationships with our customers, employees, vendors and third-party partners and landlords,
- our ability to act responsibly and with transparency with respect to our environmental, social and governance practices and initiatives, meet any communicated targets, goals or milestones and adapt to evolving reporting requirements,

- our ability to market our brand and distribute our products through a variety of third-party publisher or platform channels, as well as access mobile operating system and website identifiers for personalized delivery of targeted advertising,
- the impact of a concentration of stock ownership on our shareholders' ability to influence corporate matters,

Investment and Capital

- efficient and proper allocation of our capital resources,
- our ability to properly balance our investments in technology, Supply Chain Network facilities and existing and new store locations, including the expansion of our market strategy,
- our ability to maintain or expand our presence, including timely completion of construction associated with Supply Chain Network facilities and new, relocated and remodeled stores, as well as any potential store closures, all of which may be impacted by third parties, consumer demand and other natural or man-made disruptions, and government responses to any such disruptions,
- market fluctuations, increases in operating costs, exit costs and overall liabilities and losses associated with owning and leasing real estate,
- compliance with debt and operating covenants, availability and cost of credit, changes in our credit ratings and changes in interest rates,
- the actual timing, price, manner and amounts of future share repurchases, dividend payments or share issuances, if any, subject to the discretion of our Board of Directors, contractual commitments, market and economic conditions and applicable SEC rules,

Economic and External

- the length and severity of epidemics or pandemics, or other catastrophic events, and the related impact on customer behavior, store and online operations and supply chain functions, as well as our future consolidated financial position, results of operations and cash flows,
- the impact of the seasonal nature of our business and cyclical customer spending,
- the impact of economic and market conditions, including inflation and measures to control inflation, and resulting changes to customer purchasing behavior, unemployment and bankruptcy rates, and the resulting impact on consumer spending and credit patterns,
- the impact of economic, environmental or political conditions,
- the impact of changing consumer traffic patterns at shopping centers and malls,
- financial insecurity or potential insolvency experienced by our vendors, suppliers, developers, landlords, competitors or customers,
- weather conditions, natural disasters, climate change, national security concerns, global conflicts, civil unrest, other market and supply chain disruptions, the effects of tariffs, or the prospects of such events, and the resulting impact any of these events may have on business operations, consumer spending patterns or information technology systems and communications,

Legal and Regulatory

- our, and the third parties' we do business with, compliance with applicable domestic and international laws, regulations and ethical standards, minimum wage, employment and tax, information security and privacy, consumer credit and environmental regulations and the outcome of any claims, litigation and regulatory investigations and resolution of such matters,
- the impact of changes in policy or laws relating to consumer credit, the current regulatory environment, the financial system and tax reforms,
- the impact of accounting rule and regulation changes, or our interpretation of the changes, or changes in underlying assumptions, estimates or judgments.

These and other factors, including those factors we discuss in Part II, [Item 1A. Risk Factors](#), could affect our financial results and cause our actual results to differ materially from any forward-looking information we may provide. Given these risks, uncertainties and other factors, undue reliance should not be placed on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing, and these estimates and assumptions may prove to be incorrect. This Quarterly Report on Form 10-Q should be read completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

All references to "we," "us," "our," or the "Company" mean Nordstrom, Inc. and its subsidiaries. On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations (see Note 1: Basis of Presentation in Part I) and as of this date, Nordstrom Canada was deconsolidated from Nordstrom, Inc.'s financial statements. Nordstrom Canada results prior to March 2, 2023 are included in the Company's Condensed Consolidated Financial Statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the filing date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The content of any websites and materials named, hyperlinked or otherwise referenced in this Quarterly Report on Form 10-Q are not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to such websites and materials are intended to be inactive textual references only. The information on these websites is not part of this Quarterly Report on Form 10-Q.

DEFINITIONS OF COMMONLY USED TERMS

Term	Definition
2023 Annual Report	Annual Report on Form 10-K filed on March 19, 2024
Adjusted EPS	Adjusted earnings (loss) per diluted share (a non-GAAP financial measure)
Adjusted ROIC	Adjusted return on invested capital (a non-GAAP financial measure)
ASU	Accounting Standards Update
CCAA	Companies' Creditors Arrangement Act
Digital sales	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.
EBIT	Earnings (loss) before interest and income taxes
EBIT margin	Earnings (loss) before interest and income taxes as a percent of net sales
EBITDA	Earnings (loss) before interest, income taxes, depreciation and amortization
EBITDAR	Earnings (loss) before interest, income taxes, depreciation, amortization and rent, as defined by our Revolver covenant
EPS	Earnings (loss) per share
ESPP	Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Third quarter of 2024	13 fiscal weeks ending November 2, 2024
Third quarter of 2023	13 fiscal weeks ending October 28, 2023
Fiscal year 2024	52 fiscal weeks ending February 1, 2025
Fiscal year 2023	53 fiscal weeks ending February 3, 2024
GAAP	U.S. generally accepted accounting principles
GMV	Gross merchandise value
Gross profit	Net sales less cost of sales and related buying and occupancy costs
Leverage Ratio	The sum of our funded debt and operating lease liabilities divided by the preceding twelve months of Adjusted EBITDAR as defined by our Revolver covenant

Term	Definition
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
NAV	Net asset value
Nordstrom	Nordstrom.com, Nordstrom U.S. stores and Nordstrom Local. Nordstrom also included Canada operations prior to March 2, 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, and ASOS Nordstrom prior to December 2023.
Nordstrom Canada	Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC
Nordstrom Local	Nordstrom Local service hubs, which offer order pickups, returns, alterations and other services
Nordstrom Rack	NordstromRack.com, Nordstrom Rack U.S. stores and Last Chance clearance stores
The Nordy Club	Our customer loyalty program
NYSE	New York Stock Exchange
Operating Lease Cost	Fixed rent expense, including fixed common area maintenance expense, net of developer reimbursement amortization
Property incentives	Developer and vendor reimbursements
PSU	Performance share unit
Revolver	Senior revolving credit facility
Rights Plan	Our limited-duration Shareholder Rights Agreement adopted by the Board of Directors
ROU asset	Operating lease right-of-use asset
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SG&A	Selling, general and administrative expenses
Supply Chain Network	Fulfillment centers that primarily process and ship orders to our customers, distribution centers that primarily process and ship merchandise to our stores and other facilities and omni-channel centers that both fulfill customer orders and ship merchandise to our stores
TD	Toronto-Dominion Bank, N.A.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

NORDSTROM, INC. CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net sales	\$3,347	\$3,200	\$10,353	\$9,926
Credit card revenues, net	117	120	339	347
Total revenues	3,464	3,320	10,692	10,273
Cost of sales and related buying and occupancy costs	(2,156)	(2,080)	(6,760)	(6,488)
Selling, general and administrative expenses	(1,225)	(1,163)	(3,680)	(3,466)
Canada wind-down costs	—	25	—	(284)
Earnings before interest and income taxes	83	102	252	35
Interest expense, net	(26)	(24)	(79)	(78)
Earnings (loss) before income taxes	57	78	173	(43)
Income tax (expense) benefit	(11)	(11)	(45)	43
Net earnings	\$46	\$67	\$128	\$—

Earnings per share:				
Basic	\$0.28	\$0.41	\$0.78	\$—
Diluted	\$0.27	\$0.41	\$0.76	\$—

Weighted-average shares outstanding:				
Basic	164.6	162.0	164.0	161.5
Diluted	169.8	163.6	168.1	161.5

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(Amounts in millions)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net earnings	\$46	\$67	\$128	\$—
Foreign currency translation adjustment	—	—	—	(4)
Comprehensive net earnings (loss)	\$46	\$67	\$128	(\$4)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions)
(Unaudited)

	November 2, 2024	February 3, 2024	October 28, 2023
Assets			
Current assets:			
Cash and cash equivalents	\$397	\$628	\$375
Accounts receivable, net	544	334	322
Merchandise inventories	2,780	1,888	2,626
Prepaid expenses and other current assets	311	286	392
Total current assets	4,032	3,136	3,715
Land, property and equipment (net of accumulated depreciation of \$8,623, \$8,251 and \$8,258)	3,041	3,177	3,187
Operating lease right-of-use assets	1,438	1,359	1,402
Goodwill	249	249	249
Other assets	560	523	460
Total assets	\$9,320	\$8,444	\$9,013
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$1,863	\$1,236	\$1,890
Accrued salaries, wages and related benefits	355	244	245
Current portion of operating lease liabilities	246	240	232
Other current liabilities	1,068	1,102	1,092
Current portion of long-term debt	—	250	250
Total current liabilities	3,532	3,072	3,709
Long-term debt, net	2,617	2,612	2,611
Noncurrent operating lease liabilities	1,448	1,377	1,403
Other liabilities	736	535	561
Commitments and contingencies			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 164.9, 162.4 and 162.3 shares issued and outstanding	3,483	3,418	3,407
Accumulated deficit	(2,504)	(2,578)	(2,681)
Accumulated other comprehensive gain	8	8	3
Total shareholders' equity	987	848	729
Total liabilities and shareholders' equity	\$9,320	\$8,444	\$9,013

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Common stock				
Balance, beginning of period	\$3,458	\$3,388	\$3,418	\$3,353
Issuance of common stock under stock compensation plans	10	7	19	19
Stock-based compensation	15	12	46	35
Balance, end of period	\$3,483	\$3,407	\$3,483	\$3,407
Accumulated deficit				
Balance, beginning of period	(\$2,518)	(\$2,717)	(\$2,578)	(\$2,588)
Cumulative effect of change in accounting principle, net of tax	—	—	39	—
Net earnings	46	67	128	—
Dividends	(32)	(31)	(93)	(92)
Repurchase of common stock	—	—	—	(1)
Balance, end of period	(\$2,504)	(\$2,681)	(\$2,504)	(\$2,681)
Accumulated other comprehensive gain (loss)				
Balance, beginning of period	\$8	\$3	\$8	(\$26)
Accumulated translation loss reclassified to earnings	—	—	—	33
Other comprehensive loss	—	—	—	(4)
Balance, end of period	\$8	\$3	\$8	\$3
Total shareholders' equity	\$987	\$729	\$987	\$729
Dividends per share	\$0.19	\$0.19	\$0.57	\$0.57

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Operating Activities		
Net earnings	\$128	\$—
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization expenses	468	430
Canada wind-down costs	—	207
Asset impairment	51	—
Right-of-use asset amortization	140	132
Deferred income taxes, net	(72)	2
Stock-based compensation expense	57	41
Other, net	(14)	(61)
Change in operating assets and liabilities:		
Accounts receivables, net	(220)	(58)
Merchandise inventories	(747)	(687)
Prepaid expenses and other assets	(2)	(82)
Accounts payable	429	509
Accrued salaries, wages and related benefits	111	(41)
Other current liabilities	4	(90)
Lease liabilities	(199)	(203)
Other liabilities	237	8
Net cash provided by operating activities	371	107
Investing Activities		
Capital expenditures	(321)	(375)
Decrease in cash and cash equivalents resulting from Canada deconsolidation	—	(33)
Proceeds from the sale of assets and other, net	27	32
Net cash used in investing activities	(294)	(376)
Financing Activities		
Principal payments on long-term debt	(250)	—
Change in cash book overdrafts	28	37
Cash dividends paid	(93)	(92)
Payments for repurchase of common stock	—	(1)
Proceeds from issuances under stock compensation plans	19	19
Other, net	(12)	(6)
Net cash used in financing activities	(308)	(43)
Net decrease in cash and cash equivalents	(231)	(312)
Cash and cash equivalents at beginning of period	628	687
Cash and cash equivalents at end of period	\$397	\$375
Supplemental Cash Flow Information		
Income taxes paid, net of refunds received	\$115	\$35
Interest paid, net of capitalized interest	97	106

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements have been prepared on a basis consistent in all material respects with the accounting policies described and applied in our 2023 [Annual Report](#), except as described below, and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position and cash flows for the periods presented.

The Condensed Consolidated Financial Statements as of and for the periods ended November 2, 2024 and October 28, 2023 are unaudited. The Condensed Consolidated Balance Sheet as of February 3, 2024 has been derived from the audited Consolidated Financial Statements included in our 2023 Annual Report. The interim Condensed Consolidated Financial Statements should be read together with the Consolidated Financial Statements and related footnote disclosures contained in our 2023 Annual Report.

Principles of Consolidation

The Condensed Consolidated Financial Statements include the balances of Nordstrom, Inc. and its subsidiaries. All intercompany transactions and balances are eliminated in consolidation.

On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations and as of this date, Nordstrom Canada was deconsolidated from Nordstrom, Inc.'s financial statements. Nordstrom Canada results prior to March 2, 2023 are included in the Company's Condensed Consolidated Financial Statements for the period ended October 28, 2023.

Fiscal Year

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. References to 2024 and any other year included within this document are based on a 52-week fiscal year, except for 2023 which is a 53-week fiscal year.

Seasonality

Our business, like that of other retailers, is subject to seasonal fluctuations and cyclical trends in consumer spending. Our sales are typically higher in our second quarter, which usually includes most of our Anniversary Sale, and in the fourth quarter due to the holidays. One week of our Anniversary Sale shifted to the second quarter in 2024 from the third quarter in 2023.

Results for any one quarter are not indicative of the results that may be achieved for a full fiscal year. We plan our merchandise purchases and receipts to coincide with expected sales trends. For instance, our merchandise purchases and receipts increase prior to the Anniversary Sale and in the fall as we prepare for the holiday shopping season (typically from November through December). Consistent with our seasonal fluctuations, our working capital requirements have historically increased during the months leading up to the Anniversary Sale and the holidays as we purchase inventory in anticipation of increased sales.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that we make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities during the reporting period. Uncertainties regarding such estimates and assumptions are inherent in the preparation of financial statements. Actual results may differ from these estimates and assumptions. Our most significant accounting judgments and estimates include revenue recognition, inventory valuation, long-lived asset recoverability, income taxes and contingent liabilities.

Change in Accounting Principle

Effective February 4, 2024, we changed our method of accounting for merchandise inventories from the retail inventory method to the weighted average cost method. Under this new method, we value our inventory at the lower of cost or net realizable value using the weighted average cost. We record reserves for excess and obsolete inventory based on specific identification of units with a current retail value below cost, plus an estimate of future markdowns below cost, which considers the age of inventory and historical trends.

We believe using the weighted average cost method is preferable to the retail inventory method and consistent with our overall strategy because it provides more precise data and enhances visibility into item-level profitability, which drives faster decisions and better outcomes. We determined that retrospective application for periods prior to fiscal year 2024 was impracticable due to lack of available information. We recorded the cumulative effect of this change in accounting principle as of February 4, 2024, resulting in a decrease to accumulated deficit of \$39, net of tax of \$14.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Canada Wind-down

On March 2, 2023, as part of our initiatives to drive long-term profitable growth and enhance shareholder value, and after careful consideration of all reasonably available options, we announced the decision to discontinue support for Nordstrom Canada's operations. While Nordstrom continues to own 100% of the shares of Nordstrom Canada, as of March 2, 2023, we no longer have a controlling interest under GAAP and have deconsolidated Nordstrom Canada. We hold a variable interest in the Nordstrom Canada entities, which are considered variable interest entities, but are not consolidated, as we are no longer the primary beneficiary. In December 2023, Nordstrom Canada delivered a proposed plan of arrangement to its creditors, which was subsequently approved by creditors on March 1, 2024, sanctioned by the Ontario Superior Court of Justice on March 20, 2024 and implemented by Nordstrom Canada on April 25, 2024. Initial distributions pursuant to the plan of arrangement occurred in May 2024. As of November 2, 2024, we recorded \$11 within accounts receivable, net on the Condensed Consolidated Balance Sheet to reflect the remaining amount we estimate we will receive as part of the plan of arrangement. For more information on the wind-down of our Canada operations, see our 2023 Annual Report.

Non-cash charges associated with the wind-down of operations in Canada in 2023 are included in Canada wind-down costs on the Condensed Consolidated Statement of Cash Flows. The decrease in cash due to the deconsolidation of Nordstrom Canada is included in investing activities on the Condensed Consolidated Statement of Cash Flows and all other impacts are included in operating cash flows.

Prior to deconsolidation, Nordstrom made loans to the Canadian subsidiaries and incurred liabilities related to certain intercompany charges. These were considered intercompany transactions and were eliminated in consolidation of Nordstrom. Subsequent to deconsolidation, these liabilities and receivables were no longer eliminated through consolidation, are considered related-party transactions and are recorded in our Condensed Consolidated Balance Sheets at estimated fair value. Nordstrom had no outstanding liability to Nordstrom Canada as of November 2, 2024.

Leases

We incurred operating lease liabilities arising from lease agreements of \$277 for the nine months ended November 2, 2024 and \$200 for the nine months ended October 28, 2023.

Land, Property and Equipment

Our net non-cash investing activities related to capital expenditure accruals, primarily for our Nordstrom and Rack stores, which resulted in an increase to accounts payable of \$44 as of November 2, 2024.

Supply Chain Asset Impairments

During the second quarter of 2024, we decommissioned certain supply chain assets and incurred a non-cash impairment charge of \$51 as a result of a change in our supply chain optimization strategy. This included \$27 on long-lived tangible assets and \$24 on ROU assets to adjust the carrying values to their estimated fair values. These charges are included in our Corporate/Other SG&A expense on the Condensed Consolidated Statement of Earnings and asset impairment on the Condensed Consolidated Statement of Cash Flows.

Going-Private Transaction

In April 2024, we announced that our Board of Directors had established a special committee of independent and disinterested directors (the "Special Committee") in response to interest expressed by Erik B. Nordstrom, our Chief Executive Officer, and Peter E. Nordstrom, our President and Chief Brand Officer, in pursuing a potential transaction in which Nordstrom would become a private company in conjunction with the Board's exploration of possible avenues to enhance shareholder value. On September 4, 2024, the Special Committee confirmed receipt of a proposal from Erik and Pete Nordstrom, other members of the Nordstrom family, and El Puerto de Liverpool, S.A.B. de C.V. (collectively, the "Bid Group") to acquire all of the outstanding shares of the Company, other than shares held by members of the Bid Group, for \$23 per share in cash.

The Special Committee and the other independent directors are carefully reviewing the proposal in consultation with independent financial and legal advisors to determine the course of action that is in the best interests of Nordstrom and all shareholders. There can be no assurance that the Company will pursue this transaction or other strategic outcome, or that a proposed transaction will be approved or consummated. We do not intend to disclose further developments regarding this matter unless and until further disclosure is determined to be appropriate or necessary.

In September 2024, we entered into a Second Amendment to the Shareholder Rights Agreement, which provides that the Bid Group shall be an Exempt Person under the Shareholder Rights Agreement until the earlier of (i) April 17, 2025 and (ii) the date that the Bid Group increases its aggregate beneficial ownership of shares of the Company's common stock to an amount greater than its beneficial ownership on the date of the Amendment plus 0.1% of the then-outstanding shares of common stock (subject to specified exclusions). For more information on the Shareholders Rights Agreement, see our 2023 [Annual Report](#).

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Reclassification

We reclassified amounts in our fiscal 2023 Condensed Consolidated Statement of Cash Flows to conform with current period presentation. As a result, we disaggregated:

- Accounts receivable, net and prepaid expenses and other assets
- Other current liabilities and other liabilities

These reclassifications had no impact on cash flows from operations, cash flows from investing or cash flows from financing.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires additional quarterly and annual reportable segment disclosures, primarily around significant segment expenses retrospectively for all prior periods presented. Annual disclosure requirements will be effective for us for the fourth quarter of 2024, and quarterly disclosure requirements will be effective for us in the first quarter of 2025, with early adoption permitted. We are currently evaluating the impact of this ASU, and expect to include updated segment expense disclosures in our fiscal year 2024 Form 10-K.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of additional income tax information, primarily related to the rate reconciliation and income taxes paid. Annual disclosure requirements will be effective for us for the fourth quarter of 2025, with early adoption permitted. We are currently evaluating the impact of this ASU on our disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires additional disclosure about specific expense categories included in the income statement. Annual disclosure requirements will be effective for us for the fourth quarter of 2027, and quarterly disclosure requirements will be effective for us in the first quarter of 2028, with early adoption permitted. We are currently evaluating the impact of this ASU on our disclosures.

NOTE 2: REVENUE

Contract Liabilities

Contract liabilities represent our obligation to transfer goods or services to customers and include deferred revenue for The Nordy Club (including unused points and unredeemed Nordstrom Notes), gift cards and our TD program agreement. Our contract liabilities are classified on the Condensed Consolidated Balance Sheets as follows:

	Other current liabilities	Other liabilities
Balance as of January 28, 2023	\$536	\$136
Balance as of April 29, 2023	489	123
Balance as of July 29, 2023	464	111
Balance as of October 28, 2023	472	98
Balance as of February 3, 2024	508	85
Balance as of May 4, 2024	479	72
Balance as of August 3, 2024	442	60
Balance as of November 2, 2024	444	314

Revenues recognized from our beginning contract liability balance were \$112 and \$273 for the quarter and nine months ended November 2, 2024 and \$114 and \$268 for the quarter and nine months ended October 28, 2023.

In the third quarter of 2024, we amended our program agreement with TD. In connection with the amendment, we recorded deferred revenue within other current liabilities and other liabilities on the Condensed Consolidated Balance Sheet, which will be combined with the deferred revenue from the prior amendment and recognized in full over the term of the agreement through 2032. We also recorded a receivable for \$280 in connection with the contract signing, as the amount represents an unconditional right of payment. This amount is classified within accounts receivable, net on the Condensed Consolidated Balance Sheet. We received the cash in November 2024, subsequent to quarter-end.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Disaggregation of Revenue

The following table summarizes our disaggregated net sales:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Nordstrom	\$2,077	\$2,051	\$6,632	\$6,570
Nordstrom Rack	1,270	1,149	3,721	3,356
Total net sales	\$3,347	\$3,200	\$10,353	\$9,926
Digital sales as a % of total net sales	34 %	34 %	35 %	35%

The following table summarizes the percent of net sales by merchandise category:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Women's Apparel	30 %	28 %	30 %	28 %
Shoes	27 %	27 %	26 %	26 %
Men's Apparel	15 %	15 %	14 %	15 %
Beauty	11 %	12 %	12 %	12 %
Accessories	10 %	11 %	11 %	12 %
Kids' Apparel	4 %	4 %	4 %	4 %
Other	3 %	3 %	3 %	3 %
Total net sales	100 %	100 %	100 %	100 %

NOTE 3: DEBT AND CREDIT FACILITIES
Debt

During the first quarter of 2024, we retired our 2.30% senior notes due in April 2024 using cash on hand.

Credit Facilities

As of November 2, 2024 and October 28, 2023 we had no outstanding borrowings under the Revolver that expires in May 2027. As of November 2, 2024, we have an outstanding standby letter of credit of \$28 resulting in available short-term borrowing capacity of \$772. This letter of credit is not reflected in our Condensed Consolidated Balance Sheets. Provided that we obtain written consent from the lenders, we have the option to increase the Revolver by up to \$200, to a total of \$1,000, and two options to extend the Revolver for additional one-year terms.

Any outstanding borrowings under the Revolver are secured by substantially all our personal and intellectual property assets and are guaranteed by certain of our subsidiaries. Under the Revolver, our obligation to secure any outstanding borrowings will be eliminated if no default exists and we either have an unsecured investment-grade debt rating from two of three specified ratings agencies, or we have one investment-grade rating and achieve two consecutive fiscal quarters with a Leverage Ratio of less than 2.5 times.

Under the Revolver, we have two financial covenant tests that need to be met on a quarterly basis: a Leverage Ratio that is less than or equal to 4 times and a fixed charge coverage ratio that is greater than or equal to 1.25 times. As of November 2, 2024, we were in compliance with all covenants.

The Revolver contains customary representations, warranties, covenants and terms, including paying a variable rate of interest and a facility fee based on our debt rating, and is available for working capital, capital expenditures and general corporate purposes. The Revolver allows us to issue dividends and repurchase shares provided we are not in default and no default would arise as a result of such payments. If the pro-forma Leverage Ratio after such payments is less than 3 times, then such payments are unlimited. If the pro-forma Leverage Ratio is greater than or equal to 3 times but less than 3.5 times, then we are limited to \$100 per fiscal quarter and if the pro-forma Leverage Ratio is greater than or equal to 3.5 times, then the limit is \$60 per fiscal quarter.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Our \$800 commercial paper program allows us to use the proceeds to fund operating cash requirements. Under the terms of the commercial paper agreement, we pay a rate of interest based on, among other factors, the maturity of the issuance and market conditions. The issuance of commercial paper has the effect of reducing available liquidity under the Revolver by an amount equal to the principal amount of commercial paper outstanding. Conversely, borrowings under our Revolver have the effect of reducing the available capacity of our commercial paper program by an amount equal to the amount outstanding. As of November 2, 2024 and October 28, 2023, we had no issuances outstanding under our commercial paper program.

NOTE 4: FAIR VALUE MEASUREMENTS

We disclose our financial assets and liabilities that are measured at fair value in our Condensed Consolidated Balance Sheets by level within the fair value hierarchy as defined by applicable accounting standards:

- Level 1: Quoted market prices in active markets for identical assets or liabilities
- Level 2: Other observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs that cannot be corroborated by market data that reflect the reporting entity's own assumptions

Financial instruments measured at carrying value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable and our Revolver, which approximate fair value due to their short-term nature.

Long-term debt is recorded at carrying value. If long-term debt was measured at fair value, we would use quoted market prices of the same or similar issues, which is considered a Level 2 fair value measurement. The following table summarizes the carrying value and fair value estimate of our long-term debt, including current maturities:

	November 2, 2024	February 3, 2024	October 28, 2023
Carrying value of long-term debt	\$2,617	\$2,862	\$2,861
Fair value of long-term debt	2,323	2,441	2,168

We measure certain items at fair value on a nonrecurring basis, primarily goodwill and long-lived tangible and ROU assets, in connection with periodic evaluations for potential impairment. For more information regarding long-lived tangible asset impairment charges for the nine months ended November 2, 2024, see Note 1: Basis of Presentation. We estimate the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements. In the first quarter of 2023, we measured our investment in Nordstrom Canada, our related-party receivables and related lease guarantees at fair value. See our 2023 [Annual Report](#) for more detailed information on charges associated with the wind-down of our Canada operations.

Investments Measured at NAV

From time to time, we invest in financial interests of private companies and venture capital funds that align with our business and omnichannel strategies, which are classified in other assets in the Condensed Consolidated Balance Sheets and proceeds from the sale of assets and other, net within investing activities on the Condensed Consolidated Statements of Cash Flows. These investments are measured at fair value using the NAV per share, or its equivalent, as a practical expedient. This class of investments consists of partnership interests that mainly invest in venture capital strategies with a focus on privately held consumer and technology companies. The NAV is based on the fair value of the underlying net assets owned by the fund and the relative interest of each participating investor in the fair value of the underlying assets. Our interest in these partnerships is generally not redeemable and is subject to significant restrictions regarding transfers. Distributions from each fund will be received as the underlying assets of the funds are liquidated. Liquidation is triggered by clauses within the partnership agreements or at the funds' stated end date. The contractual terms of the partnership interests range from six to ten years.

As of November 2, 2024, February 3, 2024 and October 28, 2023, we held \$40, \$41 and \$41 of investments measured at NAV.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 5: STOCK-BASED COMPENSATION

The following table summarizes our stock-based compensation expense:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
RSUs	\$13	\$11	\$47	\$31
Stock options	1	1	2	5
Other ¹	2	1	8	5
Total stock-based compensation expense, before income tax benefit	16	13	57	41
Income tax benefit	(4)	(3)	(15)	(10)
Total stock-based compensation expense, net of income tax benefit	\$12	\$10	\$42	\$31

¹ Other stock-based compensation expense includes PSUs, nonemployee director stock awards and ESPP.

The following table summarizes our grant allocations:

	Nine Months Ended			
	November 2, 2024		October 28, 2023	
	Granted	Weighted-average grant-date fair value per unit	Granted	Weighted-average grant-date fair value per unit
RSUs	4.6	\$15	3.2	\$16
Stock options	—	—	1.2	\$8

Under our stock-based compensation plan arrangements, we issued 0.7 and 2.5 shares of common stock during the quarter and nine months ended November 2, 2024 and 0.7 and 2.3 shares during the quarter and nine months ended October 28, 2023.

NOTE 6: SHAREHOLDERS' EQUITY

We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement (see Note 3: Debt and Credit Facilities).

Share Repurchases

In May 2022, our Board of Directors authorized a program to repurchase up to \$500 of our outstanding common stock, with no expiration date. We repurchased no shares of common stock during the nine months ended November 2, 2024, compared with 0.03 shares for \$1 at an average purchase price per share of \$19.41 during the nine months ended October 28, 2023, and had \$438 remaining in share repurchase capacity as of November 2, 2024.

Dividends

In November 2024, subsequent to quarter end, we declared a quarterly dividend of \$0.19 per share, which will be paid on December 18, 2024 to shareholders of record at the close of business on December 3, 2024.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 7: EARNINGS PER SHARE

The computation of EPS is as follows:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net earnings	\$46	\$67	\$128	\$—
Basic weighted-average shares outstanding	164.6	162.0	164.0	161.5
Dilutive shares	5.2	1.6	4.1	—
Diluted weighted-average shares outstanding	169.8	163.6	168.1	161.5
Basic EPS	\$0.28	\$0.41	\$0.78	\$—
Diluted EPS	\$0.27	\$0.41	\$0.76	\$—
Anti-dilutive shares	4.8	8.2	6.5	10.3

NOTE 8: SEGMENT REPORTING

The following table sets forth information for our reportable segment:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Retail segment EBIT	\$187	\$149	\$541	\$535
Corporate/Other EBIT	(104)	(47)	(289)	(500)
Interest expense, net	(26)	(24)	(79)	(78)
Earnings (loss) before income taxes	\$57	\$78	\$173	(\$43)

For information about disaggregated revenues, see Note 2: Revenue.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

The following MD&A provides a narrative of our financial performance and is intended to promote understanding of our results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, Item 1. Financial Statements (Unaudited) and generally discusses the results of operations for the quarter and nine months ended November 2, 2024 compared with the quarter and nine months ended October 28, 2023. The following discussion and analysis contains forward-looking statements and should also be read in conjunction with cautionary statements and risks described elsewhere in this Form 10-Q before deciding to purchase, hold or sell shares of our common stock.

Overview	18
Results of Operations	19
Liquidity	25
Capital Resources	26
Critical Accounting Estimates	28
Recent Accounting Pronouncements	28

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

OVERVIEW

Third quarter results reflected continued progress on our 2024 key priorities of driving Nordstrom banner growth, optimizing our operations and building upon the momentum at the Rack. We reported net earnings of \$46, or \$0.27 per diluted share, and EBIT of \$83 in 2024, compared with net earnings of \$67, or \$0.41 per diluted share, and EBIT of \$102 in 2023. In the third quarter of 2024, Adjusted EBIT¹ was \$97 and Adjusted EPS¹ was \$0.33, which excluded a \$14 million charge related to accelerated technology depreciation. Adjusted EBIT¹ of \$77 and Adjusted EPS¹ of \$0.25 in the third quarter of 2023 excluded a favorable \$25 million true-up related to the wind-down of Canadian operations.

Total Company net sales increased 4.6% versus the same period in fiscal 2023, and total Company comparable sales increased 4.0%. The timing shift of the Anniversary Sale, with one week shifting from the third quarter to the second quarter, had a negative impact on net sales of approximately 100 basis points compared with the third quarter of 2023. In the third quarter, women's apparel and active had double-digit growth, and shoes, men's apparel and kids' apparel were up mid to high single-digits, versus 2023.

We are committed to improving the customer experience while delivering profitable growth and are encouraged by the progress we made against our key priorities during the third quarter of 2024.

Nordstrom – We continued to make progress during the third quarter in driving Nordstrom banner growth, by offering a curated selection of merchandise with greater depth in our customers' favorite brands across our fleet, and not just in our largest stores. As an omni-channel retailer, we serve customers when, where, and how they want to shop, and service is always our number one priority. For our customers that prefer to shop online, we aim to make the experience seamless and engaging through technology. Nordstrom.com net sales growth was supported by enhancements to the search and discovery functionality on our site and in our app, as well as improvements in our assortment, especially of items under \$100 in price. We also continued to scale our Marketplace business, which now has over 300 sellers offering a wide selection to our customers.

Operational Optimization – We made progress on optimizing our operations, including in our supply chain, to drive improvements in customer experience through faster delivery and moving product efficiently through our network to provide relevance and freshness. In the third quarter, faster fulfillment and delivery of items drove an over 40 percent improvement in the speed of customer returns. Returns that come in faster mean that we can process, inspect and get the items back into our inventory in a sellable condition in less time, increasing the product's overall full price exposure.

Nordstrom Rack – In our Rack banner, our strategy of offering great brands at great prices helped drive double-digit topline growth in the third quarter. We continued to expand our reach and convenience for customers by opening 12 new Rack stores in the third quarter of 2024 bringing our year to date total to 23 new Rack stores. We believe that Rack stores are a great use of capital, delivering a solid return on investment, while attracting new customers. Rack digital sales growth was driven by an expanded online merchandise offering as well as focused efforts to maintain high in-stock rates in our fastest selling items. Towards the end of the third quarter, we launched store fulfillment for Rack digital orders and buy online pick-up in stores in over 100 of our Rack stores around the country.

Our strategy and focus on the brands that matter most continued to resonate with customers and deliver results, driving positive total company net sales growth for the fourth consecutive quarter. We believe continued execution on our key priorities will help us navigate through the near-term uncertain external environment and position us well to better serve our customers, drive profitable growth and increase shareholder value. Looking ahead, we feel set up for a successful holiday season and are excited to fulfill our brand purpose to help our customers feel good and look their best.

¹ Adjusted EBIT and adjusted EPS are non-GAAP financial measures. Refer to the "Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin and Adjusted EPS" sections of MD&A below for additional information as well as reconciliations between the Company's GAAP and non-GAAP financial results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

RESULTS OF OPERATIONS

In our ongoing effort to enhance the customer experience, we are focused on providing a seamless retail experience across our Company. We invested early in integrating our operations, merchandising and technology across our stores and online in both our Nordstrom and Nordstrom Rack banners. By connecting our digital and physical assets across Nordstrom and Nordstrom Rack, we are able to better serve customers when, where and how they want to shop. We have one Retail reportable segment and analyze our results on a total Company basis, using customer, market share, operational and net sales metrics.

Our Anniversary Sale, historically the largest event of the year, typically falls in the second quarter. One week of our Anniversary Sale shifted to the second quarter in 2024 from the third quarter in 2023.

We monitor a number of key operating metrics to evaluate our performance. In addition to net sales, net earnings and other results under GAAP, three other key operating metrics we use are GMV, comparable sales and inventory turnover rate.

- *GMV*: calculated as the total dollar value of owned and unowned inventory sold through our digital platforms and stores, including the impact of estimated future customer returns and deferred revenue from Nordy Club points and Notes. We use GMV as an indicator of the scale and growth of our operations and the impact of our unowned inventory models.
- *Comparable Sales*: calculated as the total dollar value of owned and unowned inventory sold through our digital platforms and stores, which are added to the comparable sales base after they have been open for 13 full months or more, and removed in the month of their closure. Comparable sales are net of actual returns. Due to the 53rd week in 2023, we calculate our 2024 comparable sales growth using a realigned 2023 52-week period. We use comparable sales to evaluate the performance of our business without the impact of recently opened or closed stores.
- *Inventory Turnover Rate*: calculated as the trailing four-quarter merchandise cost of sales divided by the trailing 13-month average inventory. Inventory turnover rate is an indicator of our success in optimizing inventory volumes in accordance with customer demand. Merchandise inventories prior to February 4, 2024 were calculated under the retail inventory method. Effective February 4, 2024, we changed our accounting method to the weighted average cost method, and recorded the cumulative effect of this change in accounting principle in beginning accumulated deficit on our Condensed Consolidated Balance Sheet as of February 4, 2024 (see Note 1: Basis of Presentation in Item 1).

Net Sales

The following table summarizes net sales:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net sales:				
Nordstrom	\$2,077	\$2,051	\$6,632	\$6,570
Nordstrom Rack	1,270	1,149	3,721	3,356
Total net sales	\$3,347	\$3,200	\$10,353	\$9,926
Net sales increase (decrease):				
Nordstrom	1.3 %	(9.4 %)	1.0 %	(10.3 %)
Nordstrom Rack	10.6 %	(1.8 %)	10.9 %	(5.9 %)
Total Company	4.6 %	(6.8 %)	4.3 %	(8.9 %)
Digital sales:				
As a % of total net sales	34 %	34 %	35 %	35 %
Digital sales increase (decrease)	6.4 %	(11.0 %)	4.2 %	(14.0 %)
GMV increase (decrease):				
Nordstrom	2.4 %	(9.8 %)	1.2 %	(10.6 %)
Total Company	5.3 %	(7.1 %)	4.5 %	(9.1 %)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Total Company net sales and GMV increased for the third quarter and nine months ended November 2, 2024, compared with the same periods in 2023. The timing shift of the Anniversary Sale had a negative impact of approximately 100 basis points compared with the third quarter of 2023. For the nine months ended November 2, 2024, the wind-down of Canadian operations had a negative impact on total Company net sales of 25 basis points, as the first quarter of 2023 included one month of Canadian sales. For the third quarter and nine months ended November 2, 2024, women's apparel and active had the strongest growth compared with the same periods in 2023. Total Company digital sales increased for the third quarter and nine months ended November 2, 2024, compared with the same periods in 2023. The timing shift of the Anniversary Sale had a negative impact on total Company digital sales of approximately 100 basis points compared with the third quarter of 2023. For the third quarter and nine months ended November 2, 2024, comparable sales increased 4.0% and 3.2%.

Nordstrom net sales and GMV increased for the third quarter and nine months ended November 2, 2024, compared with the same periods in 2023. The timing shift of the Anniversary Sale had a negative impact of approximately 200 basis points compared with the third quarter of 2023. For the nine months ended November 2, 2024, the wind-down of Canadian operations had a negative impact on net sales of 35 basis points. For the third quarter of 2024, Nordstrom net sales reflected an increase in the number of items sold, partially offset by a decrease in the average selling price per item sold. For the nine months ended November 2, 2024, Nordstrom net sales reflected an increase in both the number of items sold and the average selling price per item sold. For the third quarter and nine months ended November 2, 2024, comparable sales increased 4.0% and 2.1%.

Nordstrom Rack net sales increased for the third quarter and nine months ended November 2, 2024, compared with the same periods in 2023. For the third quarter of 2024 and nine months ended November 2, 2024 Nordstrom Rack net sales reflected an increase in both the number of items sold and the average selling price per item sold. For the third quarter and nine months ended November 2, 2024, comparable sales increased 3.9% and 5.2%.

Store Count

	November 2, 2024	October 28, 2023
Nordstrom	93	93
Nordstrom Local	6	6
ASOS Nordstrom	—	1
Nordstrom Rack	280	258
Last Chance clearance stores	2	2
Total	381	360

Credit Card Revenues, Net

Credit card revenues, net decreased \$3 and \$8 for the third quarter and nine months ended November 2, 2024, compared with the same periods in 2023, primarily due to higher credit losses, partially offset by increased finance charges from higher outstanding balances.

Fiscal Year 2024 Total Revenue Outlook

In fiscal 2024, we expect a total revenue range, including retail sales and credit card revenues, of flat to 1.0% growth compared with the 53-week fiscal 2023, which includes an approximately 135 basis point unfavorable impact from the 53rd week.

Gross Profit

The following table summarizes gross profit:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Gross profit	\$1,191	\$1,120	\$3,593	\$3,438
Gross profit as a % of net sales	35.6%	35.0%	34.7%	34.6%
			November 2, 2024	October 28, 2023
Inventory turnover rate			3.6	3.4

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Gross profit increased \$71 and 60 basis points as a percent of net sales for the third quarter of 2024, compared with the same period in 2023, primarily due to strong regular price sales. For the nine months ended November 2, 2024, gross profit increased \$155, compared with the same period in 2023, primarily due to higher sales, partially offset by higher buying and occupancy costs. For the nine months ended November 2, 2024, gross profit as a percent of net sales was approximately flat, compared with the same period in 2023.

Ending inventory as of November 2, 2024 increased 5.9%, compared with the same period in 2023, versus a 4.6% increase in sales for the third quarter of 2024.

Selling, General and Administrative Expenses

SG&A is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
SG&A	\$1,225	\$1,163	\$3,680	\$3,466
SG&A as a % of net sales	36.6%	36.3%	35.5%	34.9%

SG&A increased \$62 and 25 basis points as a percent of net sales for the third quarter of 2024, compared with the same period in 2023, primarily due to higher labor costs and a charge related to accelerated technology depreciation, partially offset by leverage on higher sales and improvements in variable costs across the business. For the nine months ended November 2, 2024, SG&A increased \$214, compared with the same period in 2023, primarily due to higher sales volume and charges related to a supply chain asset impairment and accelerated technology depreciation. For the nine months ended November 2, 2024, SG&A as a percent of net sales increased 60 basis points, compared with the same period in 2023, primarily due to charges related to a supply chain asset impairment and accelerated technology depreciation.

Canada Wind-down Costs

We recognized charges associated with the wind-down of Canadian operations of \$284 in the nine months ended October 28, 2023, including a favorable adjustment of \$25 in the third quarter of 2023.

Earnings Before Interest and Income Taxes

EBIT is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
EBIT	\$83	\$102	\$252	\$35
EBIT margin	2.5%	3.2%	2.4%	0.4%

EBIT decreased \$19 and 70 basis points as a percent of net sales for the third quarter of 2024, compared with the same period in 2023, primarily due to higher labor costs and a 2023 favorable impact of \$25 from the wind-down of Canadian operations, partially offset by higher sales volume.

EBIT increased \$217 and 210 basis points as a percent of net sales for the nine months ended November 2, 2024, compared with the same period in 2023, primarily due to higher sales, partially offset by a charge primarily related to a supply chain asset impairment. The nine months ended October 28, 2023 included \$284 of expenses associated with the wind-down of Canadian operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Interest Expense, Net

Interest expense, net is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Interest on long-term debt and short-term borrowings	\$35	\$37	\$107	\$111
Interest income	(7)	(9)	(22)	(24)
Capitalized interest	(2)	(4)	(6)	(9)
Interest expense, net	\$26	\$24	\$79	\$78

Interest expense, net increased \$2 for the third quarter of 2024 and increased \$1 for the nine months ended November 2, 2024, compared with the same periods in 2023, primarily due to decreased capitalized interest. In addition, interest on long-term debt decreased due to the retirement of our 2.30% senior notes in April 2024.

Income Tax Expense

Income tax expense (benefit) is summarized in the following table:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Income tax expense (benefit)	\$11	\$11	\$45	(\$43)
Effective tax rate	18.9 %	14.2 %	25.7 %	99.7 %

The effective tax rate increased in the third quarter of 2024, compared with the same period in 2023, primarily due to a decrease in tax benefits related to the wind-down of Canadian operations. The effective tax rate decreased for the nine months ended November 2, 2024, compared with the same period in 2023, primarily due to the favorable resolution of certain tax matters and net tax benefits of \$95 related to the wind-down of Canadian operations, both recognized in the nine months ended October 28, 2023.

Earnings Per Share

EPS is as follows:

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Basic	\$0.28	\$0.41	\$0.78	\$—
Diluted	\$0.27	\$0.41	\$0.76	\$—

Diluted EPS decreased \$0.14 for the third quarter of 2024, compared with the same period in 2023, primarily due to higher labor costs and an accelerated technology depreciation charge that had a net unfavorable impact of \$0.06 per diluted share, partially offset by higher sales volume. The third quarter of 2023 included an adjustment from the wind-down of Canadian operations that increased diluted EPS by \$0.16 per diluted share.

For the nine months ended November 2, 2024, diluted EPS increased \$0.76 compared with the same period in 2023, primarily due to higher sales volume, partially offset by charges related to a supply chain asset impairment and accelerated technology depreciation, which had a net unfavorable impact of \$0.30 per diluted share. Charges related to the wind-down of Canadian operations decreased diluted EPS by \$1.16 per diluted share for the nine months ended October 28, 2023.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Margin and Adjusted EPS (Non-GAAP Financial Measures)

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

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net earnings	\$46	\$67	\$128	\$—
Income tax expense (benefit)	11	11	45	(43)
Interest expense, net	26	24	79	78
Earnings before interest and income taxes	83	102	252	35
Accelerated technology depreciation ¹	14	—	14	—
Supply chain asset impairment and other	—	—	54	—
Canada wind-down costs	—	(25)	—	284
Adjusted EBIT	97	77	320	319
Depreciation and amortization expenses	148	145	451	430
Amortization of developer reimbursements	(14)	(17)	(44)	(52)
Adjusted EBITDA	\$231	\$205	\$727	\$697
Net sales	\$3,347	\$3,200	\$10,353	\$9,926
Net earnings as a % of net sales	1.4 %	2.1 %	1.2 %	— %
EBIT margin	2.5 %	3.2 %	2.4 %	0.4 %
Adjusted EBIT margin	2.9 %	2.4 %	3.1 %	3.2 %

¹ As a result of a strategic decision, we recognized a charge related to incremental accelerated depreciation for a technology asset, which we will depreciate in the fourth quarter of 2024. The charge is included in our Corporate/Other SG&A expense on the Condensed Consolidated Statement of Earnings and depreciation and amortization expenses on the Condensed Consolidated Statement of Cash Flows.

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

	Quarter Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Diluted EPS	\$0.27	\$0.41	\$0.76	\$—
Accelerated technology depreciation	0.08	—	0.08	—
Supply chain asset impairment and other	—	—	0.32	—
Canada wind-down costs	—	(0.15)	—	1.74
Income tax impact on adjustments ¹	(0.02)	(0.01)	(0.10)	(0.58)
Adjusted EPS	\$0.33	\$0.25	\$1.06	\$1.16

¹ The income tax impact of non-GAAP adjustments is calculated using the estimated tax rate for the respective non-GAAP adjustment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Adjusted ROIC (Non-GAAP financial measure)

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. Our Adjusted ROIC calculation excludes certain items that we do not consider representative of our core operating performance.

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	
	November 2, 2024	October 28, 2023
Net earnings	\$263	\$119
Income tax expense (benefit)	99	(2)
Interest expense	137	136
Earnings before interest and income tax expense	499	253
Operating lease interest ¹	90	86
Non-operating related adjustments ²	99	284
Adjusted net operating profit	688	623
Adjusted estimated income tax expense ³	(187)	(144)
Adjusted net operating profit after tax	\$501	\$479
Average total assets	\$8,779	\$8,956
Average noncurrent deferred property incentives in excess of ROU assets ⁴	(128)	(167)
Average non-interest bearing current liabilities	(2,992)	(3,134)
Non-operating related adjustments ²	44	294
Adjusted average invested capital	\$5,703	\$5,949
Return on assets	3.0 %	1.3 %
Adjusted ROIC	8.8 %	8.1 %

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 Non-operating related adjustments primarily included supply chain impairment charges and accelerated technology depreciation for the four quarters ended November 2, 2024 and the wind-down of our Canadian operations for the four quarters ended October 28, 2023. See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2023 Annual Report, for detailed information on certain non-operating related adjustments.

³ Adjusted estimated income tax expense is calculated by multiplying the adjusted net operating profit by the adjusted effective tax rate (which removes the impact of non-operating related adjustments) for the trailing twelve-month periods ended November 2, 2024 and October 28, 2023. The adjusted effective tax rate is calculated by dividing adjusted income tax expense by adjusted earnings before income taxes for the same trailing twelve-month periods.

⁴ 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 noncurrent amounts are used to reduce average total assets above, as this better reflects how we manage our business.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

LIQUIDITY

We strive to maintain a level of liquidity sufficient to allow us to cover our seasonal cash needs and appropriate levels of short-term borrowing capacity. In the short term, our ongoing working capital and capital expenditure requirements, and any dividend payments or share repurchases, are generally funded through cash flows generated from operations. In addition, we have access to the commercial paper market and can draw on our Revolver for working capital, capital expenditures and general corporate purposes. Over the long term, we manage our cash and capital structure to maximize shareholder return, maintain our financial position, manage refinancing risk and allow flexibility for strategic initiatives. We regularly assess our debt and leverage levels, capital expenditure requirements, debt service payments, dividend payouts, share repurchases and other future investments.

We ended the third quarter of 2024 with \$397 in cash and cash equivalents and \$772 of additional liquidity available on our Revolver. Cash and cash equivalents as of November 2, 2024 increased \$22 from \$375 as of October 28, 2023, driven primarily by cash flows from earnings, partially offset by payments for capital expenditures and principal payments on long-term debt.

During the first quarter of 2024, we retired our 2.30% senior notes that were due in April 2024 using cash on hand. We believe that our cash flows from operations are sufficient to meet our cash requirements for the next 12 months and beyond. Our cash requirements are subject to change as business conditions warrant and opportunities arise, and we may elect to raise additional funds in the future through the issuance of either debt or equity.

The following is a summary of our cash flows by activity:

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Net cash provided by operating activities	\$371	\$107
Net cash used in investing activities	(294)	(376)
Net cash used in financing activities	(308)	(43)

Operating Activities

Net cash provided by operating activities increased \$264 for the nine months ended November 2, 2024, compared with the same period in 2023, primarily due to changes in working capital driven by payroll timing and the tax benefits associated with the Canada wind-down in 2023.

Investing Activities

Net cash used in investing activities decreased \$82 for the nine months ended November 2, 2024, compared with the same period in 2023, primarily due to decreased capital expenditures related to technology and cost efficiencies for Nordstrom Rack store openings, as well as the decrease in cash and cash equivalents resulting from the deconsolidation of Canada in 2023 (see Note 1: Basis of Presentation in Item 1).

Capital Expenditures

Our capital expenditures, net are summarized as follows:

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Capital expenditures	\$321	\$375
Deferred property incentives ¹	(7)	(25)
Capital expenditures, net	\$314	\$350
Capital expenditures as a % of net sales	3.1 %	3.8 %

¹ Deferred property incentives are included in our net cash provided by operating activities in our Condensed Consolidated Statements of Cash Flows in Item 1. We operationally view the property incentives we receive from our developers and vendors as an offset to our capital expenditures.

Financing Activities

Net cash used in financing activities increased \$265 for the nine months ended November 2, 2024, compared with the same period in 2023, primarily due to the retirement of our 2.30% senior notes due April 2024 using cash on hand (see Note 3: Debt and Credit Facilities in Item 1).

Dividends

We paid dividends of \$93 and \$92 for the nine months ended November 2, 2024 and October 28, 2023, or \$0.57 per share for each year-to-date period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Free Cash Flow (Non-GAAP Financial Measure)

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:

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Net cash provided by operating activities	\$371	\$107
Capital expenditures	(321)	(375)
Change in cash book overdrafts	28	37
Free Cash Flow	\$78	(\$231)

CAPITAL RESOURCES**Borrowing Capacity and Activity**

As of November 2, 2024, we had no outstanding borrowings under the Revolver and a \$28 outstanding standby letter of credit resulting in available short-term borrowing capacity of \$772. As of November 2, 2024, we had no issuances outstanding under our commercial paper program. For more information about our credit facilities, see Note 3: Debt and Credit Facilities in Item 1.

Impact of Credit Ratings and Revolver Covenants

Changes in our credit ratings may impact our costs to borrow and whether our personal property secures our Revolver.

For our Revolver, the interest rate applicable to any borrowings we may enter into depends upon the type of borrowing incurred plus an applicable margin, which is determined based on our credit ratings. At the time of this report, our credit ratings and outlook were as follows:

	Credit Ratings	Outlook
Moody's	Ba2	Stable
S&P Global Ratings	BB+	Negative
Fitch Ratings	BB	Stable

Should the ratings assigned to our long-term debt improve, the applicable margin associated with any borrowings under the Revolver may decrease, resulting in a lower borrowing cost under this facility. Conversely, should the ratings assigned to our long-term debt worsen, the applicable margin associated with any borrowings under the Revolver may increase, resulting in a higher borrowing cost under this facility.

As of November 2, 2024, we were in compliance with all covenants. We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement. For more information about our Revolver covenants, see Note 3: Debt and Credit Facilities in Item 1.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

Adjusted Debt to EBITDAR (Non-GAAP Financial Measure)

Adjusted debt to 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 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. For more information regarding our Revolver, see Note 3: Debt and Credit Facilities in Item 1.

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:

	November 2, 2024
Debt	\$2,617
Operating lease liabilities	1,694
Adjusted debt	\$4,311
	Four Quarters Ended November 2, 2024
Net earnings	\$263
Income tax expense	99
Interest expense, net	105
Earnings before interest and income taxes	467
Depreciation and amortization expenses	607
Operating Lease Cost	292
Amortization of developer reimbursements ¹	62
Other Revolver covenant adjustments ²	138
Adjusted EBITDAR	\$1,566
Debt to Net Earnings	10.0
Adjusted debt to EBITDAR	2.8

¹ 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.

² 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 November 2, 2024, other Revolver covenant adjustments primarily included supply chain impairment charges, interest income and accelerated technology depreciation. See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2023 Annual Report, for detailed information on certain non-operating related adjustments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where otherwise noted)

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements in conformity with GAAP requires that we make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities.

We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in our 2023 [Annual Report](#) have the greatest potential effect on our financial statements, so we consider those to be our critical accounting policies and estimates. Our management has discussed the development and selection of these critical accounting estimates with the Audit & Finance Committee of our Board of Directors. There have been no material changes to our significant accounting policies or critical accounting estimates as described in our 2023 Annual Report, except as noted below.

Merchandise Inventories

Merchandise inventories are stated at the lower of cost or net realizable value using the weighted average cost method. Under this method, the weighted average purchase price is calculated and applied to owned inventory units. We record reserves for excess and obsolete inventory based on specific identification of units with a current retail value below cost, plus an estimate of future markdowns below cost, which considers the age of inventory and historical trends.

We take physical inventory counts at our stores and Supply Chain Network locations and adjust for differences between recorded and counted amounts. Following each physical inventory cycle and using the most recent physical inventory count and historical results, we record an estimate for shrink as a percentage of weighted average cost until the next physical inventory count.

RECENT ACCOUNTING PRONOUNCEMENTS

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, which requires new disclosures regarding information about a registrant's climate-related risks that have materially impacted, or are reasonably likely to have a material impact on, its business strategy, results of operations or financial condition. In addition, certain disclosures related to severe weather events and other natural conditions will also be required in a registrant's audited financial statements. In April 2024, the SEC voluntarily stayed the final rules as a result of pending legal challenges. Annual disclosure requirements will be effective for us in the fourth quarter of 2025, pending resolution of the stay. We are evaluating the impact of this final rule on our disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We discussed our interest rate risk and foreign currency exchange risk in our 2023 [Annual Report](#). There have been no material changes to these risks since that time.

Item 4. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

For the purposes of the Exchange Act, our Chief Executive Officer, Erik B. Nordstrom, serves as our principal executive officer and our Chief Financial Officer, Catherine R. Smith, is our principal financial officer and principal accounting officer.

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we have performed an evaluation of the design and effectiveness of our disclosure controls and procedures as of the last day of the period covered by this report.

Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) under the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified within the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits alleging violations of state and/or federal wage and hour and other employment laws, privacy and other consumer-based claims. Some of these lawsuits may include certified classes of litigants, or purport or may be determined to be class or collective actions and seek substantial damages or injunctive relief, or both, and some may remain unresolved for several years. We believe the recorded accruals in our Condensed Consolidated Financial Statements are adequate in light of the probable and estimable liabilities.

On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations pursuant to a CCAA proceeding overseen by the Ontario Superior Court of Justice. See Note 1: Basis of Presentation in Part I for more information.

As of the date of this report, we do not believe any other currently identified claim, proceeding or litigation, either alone or in the aggregate, will have a material impact on our results of operations, financial position or cash flows. Since these matters are subject to inherent uncertainties, our view of them may change in the future.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors described in our 2023 [Annual Report](#), as supplemented by our Quarterly Report on [Form 10-Q](#) filed with the SEC on September 5, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) SHARE REPURCHASES

(Dollar and share amounts in millions, except per share amounts)

We repurchased no shares of common stock during the third quarter of 2024 and we had \$438 remaining in share repurchase capacity as of November 2, 2024. See Note 6: Shareholders' Equity in Part I for more information about our May 2022 share repurchase program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

During the fiscal quarter ended November 2, 2024, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of the SEC's Regulation S-K.

Item 6. Exhibits.

(a) The information required under this item is incorporated herein by reference or filed or furnished as part of this report at:

	Page
Nordstrom, Inc. and Subsidiaries Exhibit Index	31

All other exhibits are omitted because they are not applicable, not required or because the information required has been given as part of this report.

**Nordstrom, Inc. and Subsidiaries
Exhibit Index**

		Incorporated by Reference		
		Form	Exhibit	Filing Date
		Exhibit		
10.1	†	Amendment No. 9 to the Credit Card Program Agreement by and between Nordstrom, Inc., and TD Bank USA, N.A.		
31.1	†	Certification of Chief Executive Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002		
31.2	†	Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002		
32.1	‡	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		
101.INS	†	Inline XBRL Instance Document		
101.SCH	†	Inline XBRL Taxonomy Extension Schema Document		
101.CAL	†	Inline XBRL Taxonomy Extension Calculation Linkbase Document		
101.LAB	†	Inline XBRL Taxonomy Extension Labels Linkbase Document		
101.PRE	†	Inline XBRL Taxonomy Extension Presentation Linkbase Document		
101.DEF	†	Inline XBRL Taxonomy Extension Definition Linkbase Document		
104	†	Cover Page Interactive Data File (Inline XBRL)		

* Management contract, compensatory plan or arrangement

† Filed herewith electronically

‡ Furnished herewith electronically

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 thereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Catherine R. Smith
Catherine R. Smith
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: December 5, 2024

**Amendment No. 9 to the
Credit Card Program Agreement**

This Amendment No. 9 to the Credit Card Program Agreement (the “Conversion Amendment”), is entered into and, subject to Section 1(d) below, is effective as of October 31, 2024 (the “Conversion Amendment Effective Date”), by and between Nordstrom, Inc., a Washington corporation with its principal offices in Seattle, Washington (“Nordstrom”), Nordstrom Card Services, Inc., a Delaware corporation with its principal offices in Centennial, Colorado (“NCS” and collectively with Nordstrom, “Company”) and TD Bank USA, N.A., a national banking association with its principal offices in Wilmington, Delaware (“Bank”).

WHEREAS, effective May 25, 2015, Nordstrom, Bank and Nordstrom fsb, a federal savings bank with its principal offices in Scottsdale, Arizona (“Company Bank”) entered into that certain Credit Card Program Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment, the Seventh, and the Eighth Amendment (each, as defined below) (cumulatively, and as otherwise amended to date, the “Agreement”);

WHEREAS, effective as of July 31, 2017, Nordstrom, Bank and Company Bank entered into that certain Amended and Restated Amendment No. 1 to the Credit Card Program Agreement (“First Amendment”), which, among other things, removed Company Bank as a party to the Agreement;

WHEREAS, effective as of September 11, 2019, Nordstrom and Bank entered into that certain Amendment No. 2 to the Credit Card Program Agreement (“Second Amendment”), which, among other things, included the parties’ agreement for Bank to assume Lockbox and ACH collections;

WHEREAS, effective as of April 21, 2020, Nordstrom and Bank entered into that certain Amendment No. 3 to the Credit Card Program Agreement (“Third Amendment”), which, among other things revised the daily settlement report and monthly settlement report;

WHEREAS, effective as of June 5, 2020, Nordstrom and Bank entered into that certain Amendment No. 4 to the Credit Card Program Agreement (“Fourth Amendment”), which, among other things, addressed Account terms and pricing, revenue sharing, servicing transfer and risk management issues;

WHEREAS, effective as of July 21, 2021, Nordstrom and Bank entered into that certain Amendment No. 5 to the Credit Card Program Agreement (“Fifth Amendment”), which, among other things, addressed the merchant discount and service level standards;

WHEREAS, effective as of November 9, 2022, Nordstrom and Bank entered into that certain Amendment No. 6 to the Credit Card Program Agreement (“Sixth Amendment”), which, among other things, provided Company with the option to extend the period during which it may arrange for the evaluation of and purchase of the Program Assets in the event that the Seventh Amendment was not entered into;

WHEREAS, effective as of November 18, 2022, Nordstrom and Bank entered into that certain Amendment No. 7 to the Credit Card Program Agreement (“Seventh Amendment”), which, among other things, extended the Initial Term and provided for additional payments;

WHEREAS, effective as of June 6, 2024, Nordstrom and Bank entered into that certain Amendment No. 8 to the Credit Card Program Agreement (“Eighth Amendment”), which, among other things, contemplates the conversion and transitioning of certain Account digital servicing functions;

WHEREAS, the parties hereto have agreed to further amend the Agreement as set forth herein; and

NOW, THEREFORE, in consideration of the premises and of the mutual promises set forth herein, and intending to be legally bound hereby, the parties agree as follows:

1. Relationship to Agreement.

- (a) The Agreement, as amended immediately prior to the Conversion Amendment Effective Date, shall govern the respective rights, obligations and liabilities of Company and Bank with respect to any events occurring in connection with the Program prior to the Conversion Amendment Effective Date.
- (b) Except as otherwise stated in this Conversion Amendment, all terms and conditions of the Agreement shall remain in full force and effect and all rights and obligations of Company or Bank pursuant to the terms of the Agreement or otherwise agreed between parties shall remain in full force and effect.
- (c) In the event of any conflict between this Conversion Amendment and the Agreement, this Conversion Amendment shall govern.
- (d) Unless otherwise expressly stated, each of the provisions set forth herein shall be effective as of the Conversion Amendment Effective Date; provided, however, this Conversion Amendment shall not become effective unless and until an Amended and Restated Credit Card Program Agreement (“A&R Agreement”) is entered into by and between the parties. The parties acknowledge and agree that they intend to enter into the A&R Agreement concurrently with this Conversion Amendment and that it is the parties’ intention that the A&R Agreement will become effective in accordance with its terms and, as of the applicable Effective Date(s) (as defined in the A&R Agreement), the A&R Agreement will amend and restate and supersede (but not constitute a novation of), in its entirety, the Agreement (including as the Agreement has been amended by all amendments thereto, including this Conversion Amendment). For clarity, the Conversion may occur in phases and therefore, the Agreement shall govern each Account or Debit Account established or maintained under the Agreement for so long as such Account or Debit Account remains on Company’s Systems, and the A&R Agreement shall govern each Account or Debit Account beginning at the time such Account or Debit Account is converted to or, with respect to new Accounts, opened on Bank’s Systems.

- (e) Unless otherwise expressly stated, all references to a Section, Schedule or Attachment herein shall be deemed to refer to a Section, Schedule, or Attachment of this Conversion Amendment.
- (f) Neither party shall have deadlock breaking authority with respect to the Conversion or the Transition Plan.

2. Definitions.

- (a) Any terms used and not defined herein shall have the meanings set forth in the Agreement. As used in this Conversion Amendment, the following terms shall have the below meanings, with additional defined terms set forth in **Schedule 2**.
 - (i) “Bank Consent Orders” means, in each case solely as made publicly available by the relevant Governmental Authority and as in effect on the Conversion Amendment Effective Date, (i) the consent order entered by Bank with the Office of the Comptroller of the Currency relating to Bank’s anti-money laundering program and dated and signed on behalf of the Office of the Comptroller of the Currency as of October 9, 2024; (ii) the consent order entered by Bank with the Financial Crimes Enforcement Network relating to Bank’s anti-money laundering program, released October 10, 2024; (iii) the plea agreement entered by Bank with the Department of Justice relating to Bank’s anti-money laundering program, dated October 10, 2024; (iv) the plea agreement entered by TD Bank US Holding Company with the Department of Justice relating to Bank’s anti-money laundering program, dated October 10, 2024; and (v) the order to cease and desist and order of assessment of a civil money penalty issued upon consent entered by Bank and certain of its Affiliates with the Board of Governors of the Federal Reserve System, effective October 9, 2024.
 - (ii) “Bank Servicing Platform” means Bank’s TSYS-based credit and debit card servicing platform to be used for the Program pursuant to the Conversion.
 - (iii) “Company Servicing Platform” means Company’s Fiserv-based credit and debit card servicing platform used for the Program as of the Conversion Amendment Effective Date.
 - (iv) “Conversion” means the transition of all Functions from Company to Bank with respect to each Account (other than those Accounts, if any, that the parties mutually agree (in their respective sole discretions) to be excluded from the Conversion) and each of the Debit Accounts that Bank will assume pursuant to the terms of the Assignment and Assumption Agreement.

- (v) “Conversion Date” means the date that the final Account or Debit Account to be converted from the Company Servicing Platform to the Bank Servicing Platform is so converted. For clarity, certain Accounts or Debit Accounts may be converted from the Company Servicing Platform to the Bank Servicing Platform prior to the Conversion Date as agreed by the parties pursuant to the Transition Plan.
- (vi) “Fiserv” means First Data Resources, LLC.
- (vii) “Material Indebtedness” means (a) any indebtedness under any Company Debt Facility or (b) any other indebtedness for borrowed money of the Company or any of its Subsidiaries with an aggregate outstanding principal amount in excess of one hundred million dollars (\$100,000,000).
- (viii) “Material Indebtedness Default Event” means (a) the occurrence of a default by Company or its Subsidiaries or other Affiliates in the payment of any Material Indebtedness (other than indebtedness under the Agreement) beyond the period of grace if any, provided in the instrument or agreement under which such Material Indebtedness was created, or (b) the occurrence of any other default or condition relating to any Material Indebtedness (other than indebtedness under the Agreement) or contained in any instrument or agreement evidencing, securing or relating thereto the effect of which default or condition is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, any such Material Indebtedness to become due prior to its stated maturity (any applicable grace period having expired); provided, however, that the occurrence of an event described in (b) above shall not constitute a Material Indebtedness Default Event if both (y) it arises solely as a result of a Change in Control with respect to Company in connection with a transaction in which Nordstrom ceases to be a publicly traded company and (z) the related Material Indebtedness is concurrently fully refinanced with other Material Indebtedness permitted hereunder.
- (ix) “Outside Conversion Date” means June 1, 2026, or such later date as may be mutually agreed by the Senior Executives pursuant to clause (j) of Schedule 9.
- (x) “Senior Executives” shall mean (a) at Bank, the Head of Credit Cards and Unsecured Lending and (b) at Company, the Chief Customer Officer (or any successor position thereto that reports to the Chief Executive Officer and is responsible for the Program).
- (xi) “TSYS” means Total System Services LLC.

3. **Conversion Committee.**

- (a) Promptly after the Conversion Amendment Effective Date, the parties agree to form a conversion committee, which shall report to the Operating Committee (the “Conversion Committee”) to oversee all aspects of the Conversion. The Conversion Committee shall consist of six (6) members, with three (3) members to be nominated by each party. All decisions of the Conversion Committee must be unanimous decisions, with Bank and Company each having one vote. The Conversion Committee shall meet at least once every two (2) weeks, with the specific timing and format of such meetings to be mutually agreed by the parties. Any disagreements of the Conversion Committee may be escalated to the Program Managers or Operating Committee, and, subject to Section 1(f), shall be subject to the dispute resolution process set forth in Section 3.5 of the Agreement. The parties shall not be obligated to take minutes at any meeting of the Conversion Committee.
- (b) The Conversion Committee shall be responsible for (i) the development of an updated Transition Plan, as detailed in Section 4, (ii) review and approval of any modifications to the Transition Plan, other than the movement of the Conversion Date, which may be approved exclusively by the Executive Committee, and (iii) monitoring progress of the parties towards Conversion, including tracking milestones and progress against the timelines set forth in the Transition Plan.

4. **Transition Plan.**

- (a) The parties shall work in good faith, using commercially reasonable efforts, and acting through the Conversion Committee to develop a detailed schedule and project plan (the “Transition Plan”) for the Conversion. The initial form of the Transition Plan, as well as a summary of certain elements that should be addressed in the updated Transition Plan, is attached hereto as **Schedule A**. The Conversion Committee shall update the Transition Plan (other than with respect to the Conversion Date) and it shall be adopted by the Conversion Committee in accordance with this Conversion Amendment within ninety (90) days of the Conversion Amendment Effective Date. The Conversion Committee may further modify the updated Transition Plan, including the Exhibits thereto, from time to time upon mutual agreement (other than with respect to movement of the Conversion Date, which can be approved exclusively by the Executive Committee).
- (b) The Transition Plan will set forth the specific obligations, functionality and user experience elements to be transitioned from Company to Bank (each a “Function”), and will include a complete, detailed project plan that, among other elements, describes (i) the specific tasks and sub-tasks needed to complete the Conversion, including discovery, mapping, mock Conversions, Conversion dress rehearsals and other pre-Conversion activities, (ii) the party or parties responsible for such tasks, (iii) the applicable time frames for completion of such tasks, (iv) the process for testing and validating the accuracy of Conversion data and other Conversion testing protocols, (v) detailed post-Conversion validation procedures that allow Conversion

issues to be timely identified and remediated, and (vi) the communication plan with Cardholders regarding the Conversion.

- (c) The parties acknowledge and agree that administration and fulfillment of the Loyalty Program, including maintaining the loyalty database of record and servicing, is not a Function that will be transitioned from Company to Bank and will remain a responsibility of Company after the Conversion. The Transition Plan will specify the integrations and limited data feeds necessary from Company to Bank with respect to Loyalty Program information in order to enable Bank to perform its limited servicing obligations related to the Loyalty Program after the Conversion.

5. Conversion Responsibilities.

- (a) Bank shall timely implement the capabilities of the Bank Servicing Platform necessary to perform its obligations under the Transition Plan. In addition, each party will allocate the resources required to complete the Conversion as contemplated by the Transition Plan. To the extent that any obligations of a party under the Transition Plan require the support or performance of a party's vendors or subcontractors, including Fiserv in the case of Company and TSYS in the case of Bank, such party shall remain fully responsible for the performance by its vendors and subcontractors of such obligations.
- (b) Prior to the date any particular Function is transitioned (including, as applicable, the Conversion Date), unless otherwise specifically set forth in this Conversion Amendment or in the Transition Plan, each party shall remain responsible for its obligations as set forth under the Agreement with respect to such Function. Such obligations shall apply regardless of whether there is a delay to the Conversion Date or to the date to transition any particular Function. Notwithstanding the foregoing:
 - (i) Any failure to meet a Non-Regulatory Service Level Standard during the sixty (60) day period immediately prior to the Conversion Date shall not constitute a Service Level Failure, *provided that*, if the Conversion Date is delayed, then the immediately foregoing clause shall also apply with respect to any failure to meet a Non-Regulatory Service Level Standard during the sixty (60) day period immediately prior to the date planned to be the Conversion Date at the time of such failure.
 - (ii) The terms of **Schedule 5(b)** shall apply.
- (c) Notwithstanding anything to the contrary in the remainder of the Agreement, either party may engage subcontractors or vendors without the approval of the other party to assist with the party's obligations under this Conversion Amendment.

- (d) The parties agree to the additional terms and conditions set forth in **Schedule 5(d)** with respect to the Conversion of the Debit Accounts. Notwithstanding any provision to the contrary in this Conversion Amendment, the inclusion of the Debit Accounts in the Conversion and the assumption thereof by Bank shall be subject to the satisfaction of the terms of **Schedule 5(d)** and the execution of the Assignment and Assumption Agreement attached thereto.

6. Additional Pre-Conversion Obligations.

- (a) As of the Conversion Date, Bank shall support the features, functionality and technology set forth in **Schedule B**, as may be updated by mutual agreement of the parties through the Conversion Committee. Additionally, prior to the Conversion Date, Bank may assume the performance of certain of the features, functionality and technology set forth in **Schedule B**, and where so assumed by Bank, such assumed Functions shall be Bank's responsibility under the Agreement as to the Accounts for which Bank has so assumed performance.
- (b) Company and Bank shall cooperate to develop a system for securely transmitting data and reports to each other in connection with preparing for and executing the Conversion and for supporting the Program thereafter, in each case, in accordance with the requirements of Applicable Law, provided that where possible, the parties shall exchange data through an application programming interface, webhooks or similar interfaces that are mutually agreed and where the parties agree that such interfaces are not practical, the parties shall exchange batch data. The party hosting the data shall make the application programming interface or other interface available to the other party and shall be responsible for the costs thereof, and the other party shall be responsible for costs to connect to such application programming interface or other interface.
- (c) The Conversion Committee will oversee the development of a Conversion contingency playbook that will summarize issues that could be expected to arise as a result of the Conversion, preliminary plans for addressing such issues, and roles and responsibilities of each party in implementing such plans. Such playbook shall include the processes and procedures through which Bank may request, and Company will provide, access to any Account Documentation (and similar documentation with respect to Debit Accounts) and other Program-related data that was not transferred to Bank in connection with the Conversion.
- (d) Prior to the Conversion Date, Bank shall provide to Company a response to Company's information security questionnaire regarding the technology control structure of Bank to the extent related to the Program.
- (e) As part of the Conversion related efforts contemplated by this Conversion Amendment, the parties shall develop a Schedule to be attached to the A&R Agreement that will set forth those reports to be generated by each party for delivery to the other party, in accordance with the requirements set forth with respect to such Schedule in the A&R Agreement.

7. **Conversion Costs.**

- (a) **General.** All costs associated with the Conversion will be funded by the parties outside of the revenue sharing pursuant to Section 8.1 of the Agreement, and in accordance with this Conversion Amendment. Other than as specifically set forth herein, each of Bank and Company are responsible for their own costs, and the costs of their vendors and subcontractors, related to the Conversion and the performance of their respective obligations under the Transition Plan, without reimbursement by the other party.
- (b) **Data Transmission.** Company shall be responsible for its own costs and the costs of its vendors and subcontractors associated with (i) preparing, formatting, and transmitting data, documents and other artifacts to Bank and its vendors and subcontractors in connection with the Conversion, including any costs relating to changes in data formatting as required for ingestion of the data by Bank and its vendors and (ii) its and its subcontractors' ingestion of the data transmitted by Bank or its vendors and subcontractors in connection with the Conversion. Bank shall be responsible for its own costs and the costs of its vendors and subcontractors associated with (x) preparing, formatting, and transmitting data, documents and other artifacts to Company and its vendors and subcontractors in connection with the Conversion, including any costs relating to changes in data formatting as required for ingestion of the data by Company and its vendors and (y) its and its subcontractors' ingestion of the data transmitted by Company or its vendors and subcontractors in connection with the Conversion.
- (c) **Credit Cardholder Communications.** Bank shall be responsible for the costs related to the production and distribution of any communications and collateral that is required by Applicable Law to be delivered to Cardholders in connection with the Conversion. Any communications and collateral to be delivered to Cardholders in connection with the Conversion that is not required by Applicable Law, shall be jointly agreed by the Conversion Committee, and Company shall be responsible for the costs related to production and distribution of such communications and collateral. In addition, Company shall be responsible for the costs related to the production and distribution of the change in terms notices previously agreed by the parties and sent to Cardholders by Company in connection with the increase in the purchase APR on Tier 1 Accounts as described in clause (c)(i)g. of **Schedule 14.**
- (d) **Destruction of Customer Collateral.** Company shall be responsible for the costs of destroying any Cardholder collateral (e.g., plastics, statement stock) remaining in its possession after the Conversion Date to the extent not transferred (or contemplated to be transferred) to Bank in accordance with the Transition Plan or A&R Agreement.
- (e) **Debit Card Change in Terms and Reissuance.** To the extent that Bank determines any communications or collateral is required by Applicable Law to be delivered to Debit Account cardholders in connection with the parties' intent for Bank to assume the Debit Accounts pursuant to, and subject to the terms of, the Assignment and Assumption Agreement, including reissuance of physical debit cards, Bank and

Company shall each be responsible for fifty percent (50%) of the costs related to production and distribution of any such communications, collateral, and reissuance of physical cards.

8. Employees.

- (a) The parties agree to the terms of **Schedule 8** hereto.

9. Conversion Milestone Thresholds.

- (a) The Transition Plan shall include a number of mutually agreed milestones prior to the Conversion for which the parties shall formally measure their progress toward the Conversion (each, a "Milestone" and further described in the Transition Plan), including seven (7) key Milestones: (i) Mock Conversion 1, (ii) Mock Conversion 2, (iii) Company Integration Testing, (iv) Bank Integration Testing, (v) Production Proofing, (vi) New Account Origination and Processing, and (vii) Dress Rehearsal (each of such seven (7) Milestones, a "Key Milestone Threshold" and further described in the Transition Plan). The performance of each Key Milestone Threshold will be evaluated on a pass/fail basis as to whether performance of such Key Milestone Threshold meets the applicable success criteria adopted by the Conversion Committee as part of the Transition Plan (the "Success Criteria").

(b) Workstream Status.

- (i) In connection with its development and adoption of the Transition Plan, the Conversion Committee shall establish criteria for each of three (3) status categories—"On Track", "At Risk", and "Off Track"—for the Conversion Committee to use to monitor and determine the status of each Milestone workstream described under the Transition Plan (such criteria, the "Committee Criteria", and such status, the "Committee Status"). At each meeting, the Conversion Committee shall mutually determine the Committee Status of each Milestone workstream under the Transition Plan using the Committee Criteria, as well as the actual and projected performance of the parties in meeting the various Milestones, including the Key Milestones Thresholds, under the Transition Plan consistent with the timelines set forth therein. In the event of (x) any dispute regarding the Committee Status of any Milestone, (y) any Milestone being determined to be "Off Track" or (z) any Milestone being determined to be "At Risk," solely if either party identifies such Milestone as posing a material risk to any Key Milestone Threshold, such impacted Milestone(s) shall be included in the Executive Committee review under Section 9(b)(iii).
- (ii) Without prejudice to the Conversion Committee's determination of the Committee Status of any Milestone workstream, Bank independently shall monitor and determine the status of each Key Milestone Threshold workstream described under the Transition Plan using the Green/Yellow/Red Criteria set forth in **Schedule C** (such status, the "Bank Status"). At each Conversion Committee meeting, Bank shall report to the Conversion

Committee the Bank Status of each Key Milestone Threshold workstream. If Company notifies Bank in writing of its good faith concern, articulated with reasonable specificity and supported by reasonable documentation, that the Bank Status of one or more Key Milestone Threshold workstreams should be (but has not been reflected by Bank as) “Red,” Bank shall provide to Company the certification of Bank’s Head of Consumer Banking, TD Bank AMCB as to the Bank Status of each such Key Milestone Threshold workstream.

- (iii) The Executive Committee shall meet approximately every other week, unless otherwise mutually agreed, for purposes of reviewing the status of Milestone workstreams and to discuss and attempt to resolve any dependencies, contingencies, and other variables affecting progress of, and readiness to timely complete, the Milestones and the Conversion. In the event that any dispute over the status of any Milestone is escalated to the Executive Committee pursuant to clause (x) Section 9(b)(i), the Executive Committee shall attempt to resolve such dispute at the meeting immediately following such escalation, and if not resolved such Milestone shall be classified as “At Risk”. Additionally, with respect to each “Off Track Milestone” and any “At Risk Milestones” that a party has elected to escalate pursuant to clause (y) or clause (z) of Section 9(b)(i), the Executive Committee shall review the underlying facts giving rise to such classification and any remediation activities contemplated by the Conversion Committee. If the Executive Committee determines that the activities, if any, proposed by the Conversion Committee are not adequate to prevent such Milestone issues from escalating to a material risk to any of the Key Milestone Thresholds (including if the Conversion Committee has not agreed on appropriate remediation activities) then the Conversion Committee shall be directed to revise such proposed remediation activities and provide an updated report to the Executive Committee by no later than its next scheduled meeting. The parties shall not be obligated to take minutes at such Executive Committee meetings.
 - (iv) Without limiting any terms of this Section 9 or **Schedule 9**, in the event the Committee Status of any Milestone workstream or the Bank Status of any Key Milestone Threshold workstream indicates risk to Company’s capacity to meet any Regulatory Service Level Standard, the Conversion Committee in good faith shall consider strategies and tactics to mitigate such risk, including modification of the Transition Plan.
- (c) After the performance of each Key Milestone Threshold, Bank shall report to the Conversion Committee the performance of such Key Milestone Threshold against the applicable Success Criteria.

- (d) If (i) performance of a Key Milestone Threshold does not meet the applicable Success Criteria, (ii) a Key Milestone Threshold does not occur within fourteen (14) days after the date planned for such Key Milestone Threshold as set forth in the Transition Plan, or (iii) the Bank Status of any Key Milestone Threshold workstream becomes “Red,” as determined by Bank based on the Green/Yellow/Red Criteria set forth in **Schedule C** (each a “Remediation Trigger”), then Bank (unless the Remediation Trigger is related to Company Integration, in which case Company) will develop and submit to the Conversion Committee within seven (7) days of the Remediation Trigger a plan designed to remediate the root causes of the Remediation Trigger (the “Remediation Plan”).
- (e) The Conversion Committee shall meet to discuss the Remediation Plan within five (5) Business Days of submission, and if agreed, the parties shall comply with the Remediation Plan and cause their respective vendors to comply with the Remediation Plan. If the Remediation Plan is rejected by the Conversion Committee, the Conversion Committee shall designate one (1) member of the party that did not develop the Remediation Plan to work cooperatively and in good faith with the other party to revise the Remediation Plan to address the reasons for rejection of the Remediation Plan, and such revised Remediation Plan shall be re-presented at a meeting of the Conversion Committee within five (5) days of such rejection. If the Remediation Plan is again rejected by the Conversion Committee, review of the Remediation Plan shall be escalated to the Executive Committee.
- (f) If the Executive Committee is unable to agree to a Remediation Plan within three (3) days of escalation pursuant to Section 9(e), and either party believes the Conversion Date should be delayed, such party may delay the Conversion Date by providing written notice of its determination to the other party no later than five (5) Business Days after the Executive Committee meeting to review the Remediation Plan. Within five (5) Business Days of receipt of such delay notice (or such shorter period if required in order to effectively delay the Conversion Date), the Executive Committee shall meet to mutually agree upon a new scheduled Conversion Date, which shall be no later than the Outside Conversion Date.

10. Cancellation of the Conversion.

- (a) The parties agree to the provisions set forth in **Schedule 10** with respect to cancellation of the Conversion.

11. Effect of Cancellation of the Conversion.

- (a) If the Conversion is cancelled for any reason set forth in **Schedule 10**, each party may immediately cease performing its obligations set forth under the Transition Plan. Subject to the remainder of this Section 11 and **Schedule 11**, each party shall remain responsible for performing its obligations set forth in the Agreement, including keeping any necessary vendors or service providers in place in order to perform such obligations.

- (b) If the Conversion is cancelled other than pursuant to clauses (a)(iv) or (b)(v) of **Schedule 10**, then (i) Section 14.1 of the Agreement shall be deemed automatically amended hereby such that the Initial Term ends on the later of (x) September 26, 2026 or (y) twenty (21) months after the date the Conversion is cancelled and (ii) the Agreement shall expire at the end of the Initial Term, notwithstanding any required notice period for non-renewal set forth in Section 14.1 of the Agreement. If the Agreement is terminated and the Conversion is therefore cancelled pursuant to clauses (a)(iv) or (b)(v) of **Schedule 10**, then notwithstanding the timeframe set forth in clause (b)(ii) of **Schedule 15.2** of the Agreement, the Purchase Notice must be delivered no later than fifteen (15) months after the notice of termination is given by Company or Bank.
- (c) Section 15.2(c) of the Agreement is deleted and replaced with the following:

If the Purchase Option is exercised, the Nominated Purchaser must complete the purchase of the Program Assets within one hundred eighty (180) days after Company's delivery of the Purchase Notice; provided, however, that consummation of the purchase of the Program Assets shall occur no earlier than the Termination Date; provided, further, that the one hundred eighty (180) day timeframe set forth in this Section 15.2(c) may be extended by up to an additional two hundred seventy (270) days as necessary (i) for required regulatory approvals, (ii) to effect the conversion of the Program Assets, (in such case, the two hundred seventy (270) day period, the "Extension Period"), provided that (x) if Company (or Company's Nominated Purchaser) is predominantly responsible for the failure of such conversion to be effectuated prior to the Extension Period, then Bank Share of Net Credit Card Revenue for such Extension Period shall be increased by one hundred basis points (100 bps) and (y) if Bank is predominantly responsible for the failure of such conversion to be effectuated prior to the Extension Period, then Bank Share of Net Credit Card Revenue for such Extension Period shall be decreased by one hundred basis points (100 bps) or (iii) to avoid the period from November 1 of each calendar year to January 15 of the following calendar year. The date of such completion shall be the "Program Purchase Date." Company will use commercially reasonable efforts to cause the Nominated Purchaser to execute the Purchase Agreement for the Program Assets within ninety (90) days after delivery of the Purchase Notice, and Company and Bank agree that the operative transaction to transfer the Program Assets shall be closed and converted to the systems of the Nominated Purchaser simultaneously.

- (d) If any Credit Card Accounts (as defined in the A&R Agreement) were opened on the Bank Servicing Platform prior to cancellation of the Conversion, (i) such accounts shall be governed by the terms of the A&R Agreement, not the Agreement, (ii) such accounts shall be excluded from the Program Assets under the Agreement and A&R Agreement, and (iii) the parties shall cooperate to determine a mutually agreed plan for handling such accounts that does not require sale of such accounts or system conversion of such accounts from the Bank Servicing Platform.
- (e) The parties agree to the additional provisions set forth in **Schedule 11**.

12. Conversion Amendment Signing Bonus.

- (a) Within thirty (30) calendar days after the Conversion Amendment Effective Date, in order to incentivize the parties to perform a timely and successful Conversion, Bank shall pay to Company an amount equal to the Conversion Amendment Signing Bonus. Company may use the Conversion Amendment Signing Bonus to cover Company's costs and expenses of its Cardholder communications contemplated by Section 7(c).
- (b) Additional provisions regarding the Conversion Amendment Signing Bonus are set forth in **Schedule 12**.

13. Additional Conversion-Related Economics.

- (a) The parties agree to the provisions set forth in **Schedule 13**.

14. A&R Signing Bonus.

- (a) In consideration of each Nordstrom's and NCS' agreement to the updated economic terms as between the parties pursuant to the A&R Agreement, within ten (10) Business Days after the Conversion Amendment Effective Date, Bank shall pay to Company an amount equal to the A&R Signing Bonus.
- (b) The parties agree to the additional provisions set forth in **Schedule 14**.

15. Changes to Innovation Fund

- (a) Section 3.7(d) of the Agreement shall be deleted in its entirety, and any amounts allocated to the Infrastructure Innovation Fund or Program Extension Enhancement Fund not used as of the Conversion Date shall be governed by the A&R Agreement. If the A&R Agreement does not become effective, upon expiration or termination of the Agreement, Company shall have no right to any amounts allocated to the Infrastructure Innovation Fund or Program Extension Enhancement Fund not used as of such expiration or termination.

16. Representations and Warranties

- (a) Except with respect to matters of which Company has Knowledge as of the Conversion Amendment Effective Date, Bank makes each of the following representations as of the Conversion Amendment Effective Date:
- (i) Neither Bank nor any of its Affiliates nor, to the best of its Knowledge, any of its subcontractors performing material Program services is in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would not have a Bank Material Adverse Effect, nor has Bank received any notice of default under any contract, agreement, lease or other instrument regarding a default which, if realized, would have, or would reasonably be expected to have, a Bank Material Adverse Effect.
 - (ii) No action, claim, or any litigation, proceeding, arbitration, investigation or controversy is pending or, to the best of Bank's Knowledge, threatened against Bank or its Affiliates or, to the best of Bank's Knowledge, their subcontractors (excluding Company) that provide material services to the Program, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators which has had, or would reasonably be expected to have, a Bank Material Adverse Effect. Except to the extent of the Bank Consent Orders (including the terms and conditions thereof), Bank is not the subject of any action by a Governmental Authority and is not subject to any agreement, orders or directives with any Governmental Authority, which, in each case, has, or if adversely determined, would reasonably be expected to have, a Bank Material Adverse Effect.
 - (iii) Bank has valid and binding agreements with TSYS and, to the best of its Knowledge as of the Effective Date, all other necessary vendors to enable Bank to perform its obligations under this Conversion Amendment and the Transition Plan. Except to the extent of the Bank Consent Orders (including the terms and conditions thereof) Bank has no reason to believe that Bank will be unable to complete the Conversion related activities required to be performed by Bank pursuant to this Conversion Amendment and the Transition Plan.
- (b) Except with respect to matters of which Bank has Knowledge as of the Conversion Amendment Effective Date, Nordstrom and NCS each make each of the following representations as of the Conversion Amendment Effective Date:
- (i) Neither Company nor any of its Affiliates nor, to the best of its Knowledge, any subcontractors performing material Program services or functions is in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would

not have a Company Material Adverse Effect, nor has Company received any notice of default under any contract, agreement, lease or other instrument regarding a default which, if realized, would have, or would reasonably be expected to have, a Company Material Adverse Effect.

- (ii) No action, claim or any litigation, proceeding, arbitration, investigation or controversy is pending or, to the best of Company's Knowledge, threatened against Company or its Affiliates or, to the best of Company's Knowledge, their subcontractors that provide material services to the Program, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government, or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators which has had, or would reasonably be expected to have, a Company Material Adverse Effect. Neither Company nor any of its Affiliates performing servicing functions is the subject of any action by a Governmental Authority and none of such Persons is subject to any agreement, orders or directives with any Governmental Authority, which, in each case, has had, or if adversely determined, would reasonably be expected to have, a Company Material Adverse Effect.
 - (iii) Company has valid and binding agreements with Fiserv and, to the best of its Knowledge as of the Effective Date, all other necessary vendors to enable Company to perform its obligations under this Conversion Amendment and the Transition Plan and Company has no reason to believe that Company will be unable to complete the Conversion related activities required to be performed by Company pursuant to this Conversion Amendment and the Transition Plan.
 - (iv) Nordstrom and NCS are each solvent.
 - (v) A Material Indebtedness Default Event has not occurred and Company has not received any notice of a Material Indebtedness Default Event.
- (c) (i) Bank shall not be in breach of Sections 10.2(a), 10.2(b) or 10.2(c) of the Agreement to the extent of, and (ii) the representations and warranties in Sections 10.2(a), 10.2(b) and 10.2(c) of the Agreement shall be qualified by: (x) the existence of the Bank Consent Orders and (y) any requirements under the Bank Consent Orders to make any notices to or filings with, obtain or maintain any consents, approvals, non-objections or authorizations from, or to engage in any other action to be taken with respect to, any Governmental Authority in connection with Bank performing its obligations under this Conversion Amendment. For clarity, nothing in this Section shall limit or qualify any of Bank's obligations under any other provision of the Agreement or the Conversion Amendment, including **Schedule 13**.
- (d) Bank shall use commercially reasonable efforts to obtain all necessary consents, approvals, non-objections, and authorizations from all Governmental Authorities having jurisdiction over Bank for Bank to perform its obligations under this

Conversion Amendment to convert the Accounts and Designated Debit Accounts (as defined in Schedule 5(d)). To the extent permitted by Applicable Law, Bank shall provide Company with prompt notice in the event that any Governmental Authority determines, or Bank otherwise reasonably determines, that any such consent, approval, non-objection or authorization will not be provided in a time and manner sufficient to enable the Conversion to be effectuated on or before March 1, 2026.

17. Multi-Consequence Events.

- (a) The parties agree to the terms set forth in **Schedule 17** with respect to Multi-Consequence Events, as defined therein.

18. Other Changes to the Agreement.

- (a) The following shall new definitions shall be added to Section 1.1 of the Agreement:

“Conversion Amendment” means Amendment No. 9 to the Credit Card Program Agreement, executed entered into by Nordstrom, NCS and Bank as of the Conversion Amendment Effective Date.

“Conversion Amendment Effective Date” means October 31, 2024.

“Company Financial Reports” means:

(i) (A) As of the Conversion Amendment Effective Date, the financial reports Company delivers to its lenders under the Company Debt Facilities, which, as of the Conversion Amendment Effective Date are substantially similar in all material respects to the items contemplated in clause (ii) below; or any subsequent financial reporting provided by Company to its lenders under the Company Debt Facilities as of the Conversion Amendment Effective Date or any subsequent Company Debt Facility; provided such reporting is substantially similar to the financial reporting under the Company Debt Facilities as of the Conversion Amendment Effective Date; or (B) if Company does not have a Company Debt Facility or the reporting under the Company Debt Facilities is not substantially similar to the financial reporting as of the Conversion Amendment Effective Date, the reports set forth in clause (ii) of this definition of “Company Financial Reports.”

(ii)(A) As soon as practicable and in any event within ninety (90) days after the end of each such fiscal year, the consolidated balance sheet of Nordstrom and its consolidated Subsidiaries as of the end of such year and the related statements of earnings, stockholder’s equity and cash flow for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an unqualified report thereon of Deloitte & Touche LLP or other independent certified public accountants of recognized national standing selected by Company, which report shall state that such financial statements fairly present the financial position of Nordstrom and its consolidated Subsidiaries as of the date indicated and its results of operations

and cash flows for the periods indicated in conformity with GAAP (except as otherwise stated therein) and that the examination by such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards; and (B) as soon as practicable and in any event within forty-five (45) days after the end of each fiscal quarter (other than the last fiscal quarter of any fiscal year), a consolidated balance sheet of Nordstrom and its consolidated Subsidiaries as of the end of such quarter and the related statements of earnings, stockholder's equity and cash flow for such quarter and the portion of the fiscal year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding periods of the prior fiscal year, all in reasonable detail and certified by Nordstrom's chief financial officer or controller as fairly presenting the financial condition of Nordstrom and its consolidated Subsidiaries as of the dates indicated and its results of operations and cash flows for the periods indicated, subject to normal year-end adjustments.

“Company Party” means each of Nordstrom and NCS.

“NCS” means Nordstrom Card Services, Inc., a Delaware corporation with its principal offices in Centennial, Colorado.

- (b) Company shall provide Bank notice in writing within two (2) Business Days of (i) the occurrence of a Material Indebtedness Default Event or (ii) the occurrence of, or, if earlier, the execution of a definitive agreement that, if consummated, will result in, the Change in Control of Company.
- (c) Notwithstanding Section 2.8 of the Agreement and Schedule 2.8 of the Agreement, Company hereby waives any right to propose or implement a change in the Network prior to the Conversion Date.
- (d) Section 4.13(b) of the Agreement is deleted in its entirety.
- (e) Schedule 4.13(b) of the Agreement is deleted in its entirety.
- (f) Schedule 4.17 of the Agreement is amended by deleting and replacing the first three sentences of clause (a) in their entirety with the following:

Company and Bank will work together to optimize Sales Tax Recovery. Company will remit when due any sales taxes relating to the sale of Nordstrom Goods and/or Services. Company, as servicer to the Program, shall identify by Account any amounts written off. To the extent permitted by Applicable Law, Company may, in its discretion, sign and file forms as necessary to seek recovery of any sales tax charged to any Account that has been written off.

- (g) Clause (f) of Schedule 13.2(f) of the Agreement is amended so that in both instances in which “well capitalized” appears, the term is replaced with “adequately capitalized”.

(h) A new clause (b) is added to Section 4.10 of the Agreement as follows:

Beginning with the first fiscal year and fiscal quarter of Company for which Company is no longer required to file Form 10-K and Form 10-Q with the Securities and Exchange Commission, for the remainder of the Term, (i) Company shall deliver to Bank the Company Financial Reports; provided that if Company shall no longer deliver the Company Financial Reports set forth in clause (i)(A) of the definition thereof, Company shall promptly notify Bank thereof and Bank may require Company to deliver the Company Financial Reports set forth in clause (ii) of the definition thereof;

(i) The introductory provisions of Sections 10.1 and 10.2 of the Agreement are amended so that in both instances where “a payment is made by Bank to Company hereunder” appears, the terms are replaced by “a payment is made hereunder”.

(j) Section 10.1(h) of the Agreement is replaced in its entirety with the following:

Company Licensed Marks; Loyalty Program. Company or one of its Affiliates is the sole and exclusive owner of, and has sole control over, the Company Licensed Marks and is the sole owner and operator of the Loyalty Program, and Company has the right, power and authority to license to Bank the use of the Company Licensed Marks and the Loyalty Program in connection with the Program as provided herein. The Company Licensed Marks and the Loyalty Program are not subject to any restrictions that would adversely affect such use, it being understood and agreed that liens on the Company Licensed Mark and/or the Loyalty Program in effect under the Company Debt Facilities (but not any other liens) shall not be deemed to adversely affect such use for purposes of this Section 10.1(h) unless and until any rights or remedies are exercised by any holder of such liens that result in a breach of the representations and warranties in the immediately preceding sentence.

(k) Section 13.1(c) of the Agreement is replaced in its entirety with the following:

(i) Any representation or warranty by such party contained in this Agreement (other than a representation and warranty contain in Section 10.1(h)) shall not be true and correct in any respect as of the date when made or reaffirmed, and (A) the party making such representation or warranty shall fail to cure the event giving rise to such breach within thirty (30) days after the other party shall have given notice thereof specifying the nature of the breach in reasonable detail or, if the same cannot be cured in a commercially reasonable manner within such time, the same shall not constitute an event of default if the party shall have initiated a cure within such time and such cure shall be completed within sixty (60) days from the date of notice regarding such breach,

and (B) such failure shall or would reasonably be expected either to have a material and adverse effect on the Program, Bank Licensed Marks or Company Licensed Marks, or materially diminish the economic value of the Program to the other party or (ii) any representation or warranty by such party contained in Section 10.1(h) of this Agreement shall not be true and correct in any respect as of the date when made or reaffirmed.

- (l) Section 17.2 of the Agreement is replaced in its entirety with the following:

Subject to the terms of this Section 17.2, Bank shall have the right, and nothing otherwise herein shall prohibit or otherwise restrict or condition Bank, from selling, exchanging, securitizing, pledging, participating or entering into a swap, derivative, synthetic securitization or similar transaction with respect to the Cardholder Indebtedness or any part thereof, by itself or as part of an offering of assets from multiple originators or portfolios, at any time and Bank may, in connection with any such transaction, provide associated Cardholder Data and aggregate Program performance information derived from Cardholder Data to a prospective purchaser and other customary parties without notice to or consent from Company; provided, however, that such sale, exchange, securitization, pledge or participation shall not affect Company's rights or Bank's obligations hereunder. To the extent such transaction is limited solely to Cardholder Indebtedness under the Program (and not part of an offering of assets from multiple originators or portfolios), the provision of Cardholder Data and aggregate Program performance data shall be subject to such prospective purchaser, and, as applicable, other customary parties, executing a customary confidentiality agreement. Company agrees to use reasonable efforts without being required to incur any out of pocket costs to provide Bank with such information and to execute and deliver such documents as may be reasonably requested by Bank with respect to any such transaction. Bank shall pay any costs or expenses incurred by Company to support any such sale, exchange, securitization, pledge or participation. Bank shall not sell, exchange, securitize, pledge or participate the Cardholder Indebtedness in any manner that would not permit such arrangement to be unwound or not allow for the removal or substitution of Program Assets in order to permit Company to exercise its rights hereunder to purchase the Program Assets pursuant to Section 15.2.

- (m) Section 17.3 of the Agreement is replaced in its entirety with the following:

Except as permitted pursuant to Section 17.2, this Agreement shall not be assignable and may not be pledged as collateral, in whole or in part, by a party, including by operation of law, without the prior written consent of the other party, except that a party may assign this Agreement in its entirety to an acquirer of such party in the case of a

Change in Control of such party, *provided, however*, that (A) Bank or Company, as the case may be, shall continue to be jointly and severally liable hereunder for the obligations of their respective assignees after such assignment unless released by the other party in writing; and (B) such assignee is capable of performing the obligations hereunder. For clarity, and without waiver of any of Bank's set-off, recoupment, netting or other true-up or deduction rights under this Agreement, the foregoing shall not limit or restrict in any way Company's rights to assign, pledge or grant a security interest in any receivables due to Company from Bank or other payments made to Company pursuant to this Agreement as collateral for any Company Debt Facility. This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and permitted assigns.

- (n) The notices address for Bank as set forth in Section 17.12 of the Agreement shall be amended to reflect the following:

If to Bank: TD Bank USA, N.A.
2023 Limestone Road
Wilmington, DE 19808
Attn: Chief Executive Officer

With a copy to (which copy shall not constitute notice): TD Bank USA, N.A.
1701 Route 70 East
Cherry Hill, New Jersey 08034
Attn: Chief Executive Officer

TD Bank USA, N.A.
1701 Route 70 East
Cherry Hill, New Jersey 08034
Attn: Legal Department

- (o) The provision in **Schedule 18(o)** shall apply.

- (p) NCS As A Party.

- (i) As of the Conversion Amendment Effective Date, NCS shall be included as a party to the Agreement, and "Company" as used in the Agreement shall refer to Nordstrom and NCS, collectively, and all obligations, responsibilities and liabilities of Company under the Agreement shall be obligations, responsibilities and liabilities, respectively, of Nordstrom and NCS, jointly and severally.
- (ii) The parties acknowledge that it is contemplated that Nordstrom and NCS shall have the discretion to determine which of them shall perform the

obligations of Company under the Agreement and ultimately receive the corresponding benefits arising thereunder, which obligations and benefits, as between Nordstrom and NCS may vary and evolve over the term of the Agreement.

- (iii) A new Section 8.5 is hereby added to the Agreement as follows:

Notwithstanding anything to the contrary set forth herein, all payments to a Company Party by Bank hereunder, including pursuant to Schedule 8.1, shall be made to NCS on behalf and for the benefit of Nordstrom and NCS, which Nordstrom and NCS shall allocate between them according to their respective entitlement relative to the undertaking of the performance of the obligations of Company under this Agreement, it being acknowledged and agreed that as provided in Section 17.23 as between Bank, on the one hand, and Nordstrom and NCS, on the other hand, Nordstrom and NCS are jointly and severally liable for the performance of all obligations of Company under this Agreement and Bank's payment obligations to Company shall be fully satisfied upon making payment of such amounts to NCS.

- (iv) The following additional representations and warranties are added to the end of Section 10.1 of the Agreement, and are made by Nordstrom on the Conversion Amendment Effective Date and shall be deemed restated and remade on and as of each date on which a payment is made by Bank to Company under the Agreement:

(k) Affiliate Status. NCS is a Subsidiary of Nordstrom.

- (v) The following additional covenants are added to Section 10.3 of the Agreement:

(j) Allocation of Payments between NCS and Nordstrom. Company shall, in its discretion, correctly and appropriately allocate payments by Bank to a Company Party between Nordstrom and NCS.

(k) Relationship of NCS and Nordstrom. Company shall ensure that each Nordstrom and NCS perform certain obligations of "Company" hereunder.

- (vi) NCS makes the representation and warranties set forth on Schedule 18(p), each and all of which, except as provided below, shall be deemed to be restated and remade on and as of the Conversion Amendment Effective Date and each other date on which a payment is made by Bank to Company hereunder. The representations and warranties in clause (e) and clause (g) of Schedule 18(p) are made solely as of the Conversion Amendment Effective Date, and the representations and warranties set forth in clause (i) of

Schedule 18(p) shall be deemed not to address collection activities, which shall be addressed solely in clause (j) of **Schedule 18(p)**.

- (vii) Section 17.16 of this Agreement shall be amended to add the following provision to the end of such Section.

The parties acknowledge and agree that Nordstrom and NCS are jointly and severally liable to Bank as provided in Section 17.23, including for purposes of any set-off, recoupment, netting, or other true-up or deduction rights under this Agreement, including this Section 17.16. Nothing in this Section 17.16 shall limit or otherwise impair Bank's right, contractual, under common law, or otherwise, to set-off, recoup, net or otherwise true-up or deduct any A&R Signing Bonus Repayment Amounts against amounts owed by Bank to Company under this Agreement as provided in the Conversion Amendment.

- (viii) The following new Section 17.23 shall be added to the Agreement:

17.23 Joint and Several Liability.

a. Each Company Party and each of its respective permitted successors and assigns shall be jointly and severally liable for the full, complete and punctual performance and satisfaction of all obligations of "Company," and the exercise of Company's rights hereunder, and for the acts and omissions of each Company Party in connection with such obligations and rights. Without limiting the foregoing, Bank may, at its option, enforce any obligation of "Company" against any one or all of the Company Parties, and any failure or inability of Bank to enforce a "Company" obligation against a Company Party under this Agreement shall not in any way limit Bank's right to enforce the obligations of the "Company" against the other Company Party under this Agreement.

b. Without limiting Section 17.23(a):

(i) An A&R Signing Bonus Repayment Event (as defined under the Conversion Amendment) may be triggered by any event or condition described in the definition of that term and the repayment (or obligation to repay) the A&R Signing Bonus Repayment Amount may be enforced with respect to any Company Party or all Company Parties;

(ii) Any right of "Company" hereunder may be exercised by any Company Party and the exercise of any such right by any Company Party shall be binding on all Company Parties;

(iii) Any notice, consent, approval or similar undertaking given by any Company Party to Bank shall be binding on all Company Parties; and

(iv) Any notice from Bank to any Company Party shall be effective as notice to all Company Parties.

19. **Cooperation**. In addition to the express undertakings of the parties pursuant to this Conversion Amendment, the parties shall work cooperatively and in good faith to negotiate and execute any other documents, and implement such additional changes to the Program, that are necessary to facilitate the intended effects of the provisions of this Conversion Amendment, including the achievement of the Conversion prior to the Conversion Outside Date.
20. **Counterparts**. This Conversion Amendment may be executed in any number of counterparts, each of which shall constitute one and the same instrument. Any facsimile or PDF emailed version of an executed counterpart shall be deemed an original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Conversion Amendment to be duly executed on the Conversion Amendment Effective Date.

NORDSTROM, INC.

By: /s/ Catherine R. Smith
Name: Catherine R. Smith
Title: Chief Financial Officer

NORDSTROM CARD SERVICES, INC.

By: /s/ Michael Bengs
Name: Michael Bengs
Title: President

TD BANK USA, N.A.

By: /s/ David Swift
Name: David Swift
Title: SVP, Head of Partnerships

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Erik B. Nordstrom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2024

/s/ Erik B. Nordstrom
Erik B. Nordstrom
Chief Executive Officer of Nordstrom, Inc.

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Catherine R. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2024

/s/ Catherine R. Smith
Catherine R. Smith
Chief Financial Officer of Nordstrom, Inc.

NORDSTROM, INC.
1617 SIXTH AVENUE
SEATTLE, WASHINGTON 98101
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Nordstrom, Inc. (the "Company") on Form 10-Q for the period ended November 2, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Erik B. Nordstrom, Chief Executive Officer (Principal Executive Officer), and Catherine R. Smith, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer), of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2024

/s/ Erik B. Nordstrom

Erik B. Nordstrom
Chief Executive Officer of Nordstrom, Inc.

/s/ Catherine R. Smith

Catherine R. Smith
Chief Financial Officer of Nordstrom, Inc.

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.