

REFINITIV

DELTA REPORT

10-K

JWN - NORDSTROM INC

10-K - FEBRUARY 03, 2024 COMPARED TO 10-K - JANUARY 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3124
CHANGES	293
DELETIONS	1363
ADDITIONS	1468

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

(Mark One)

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

For the fiscal year ended **January 28, 2023** **February 3, 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**

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Nordstrom, Inc.

(Exact name of registrant as specified in its charter)

Washington

91-0515058

State or other jurisdiction of incorporation or organization

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

1617 Sixth Avenue, Seattle, Washington 98101

(Address of principal executive offices)

Registrant's telephone number, including area code **(206) 628-2111**

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

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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 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

☐ Accelerated filer

☐ Non-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Nordstrom, Inc. and subsidiaries

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of July 29, 2022 July 28, 2023, the aggregate market value of the Registrant's voting and non-voting stock held by non-affiliates of the Registrant was approximately \$3.0 billion using the closing sales price on that day of \$23.51. \$22.95. On March 6, 2023 March 11, 2024, 160,151,038 163,258,218 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2023 2024 Annual Meeting of Shareholders, scheduled to be held on May 17, 2023 May 22, 2024, are incorporated into Part III.

Nordstrom, Inc. and subsidiaries¹

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 3, 2024** **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, including Nordstrom Media Network, as well as realize the expected benefits between 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 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,
- 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,
- COVID-19, which may have a negative impact on our business and results and may exacerbate any risks noted,

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,

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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 corporate environmental, social responsibility 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 rating 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, **in the U.S. and Canada**, including inflation and measures to control inflation, and resulting changes to customer purchasing behavior, unemployment and bankruptcy rates **as well as any fiscal stimulus, or the cessation of any fiscal stimulus** and the resulting impact on consumer spending and credit patterns,
- the impact of economic, environmental or political conditions,
- the impact of changing 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 **these such** events, and the resulting impact **any of these events may have** on consumer spending patterns or information technology systems and communications,

Legal and Regulatory

- our, and **our vendors**, **the third parties we do business with**, compliance with applicable domestic and international laws, regulations and ethical standards, **including those related to COVID-19**, 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 laws relating to consumer credit**, the current regulatory environment, **the** financial system and tax reforms,
- the impact of changes in accounting rules and regulations, changes in our interpretation of the rules or regulations, or changes in underlying assumptions, estimates or judgments,
- the outcome of events or occurrences related to the wind-down of business operations in Canada.

These and other factors, including those factors we discuss in Part I, [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 Annual Report on Form 10-K 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.

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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 2: Canada Wind-down in Item 8) 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 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 Annual Report on Form 10-K, 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. In addition, forward-looking statements may be impacted by the actual outcome of events or occurrences related to the wind-down of business operations in Canada.

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DEFINITIONS OF COMMONLY USED TERMS

Term	Definition
2019 Plan	2019 Equity Incentive Plan
2022 2023 Annual Report	Annual Report on Form 10-K filed on March 10, 2023 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)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CARES Act	Coronavirus Aid, Relief and Economic Security Act
CCAA	Companies' Creditors Arrangement Act
CISO	Chief Information Security Officer
CTIO	Chief Technology and Information Officer
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 Marginmargin	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
Fiscal year 2024	52 fiscal weeks ending February 1, 2025
Fiscal year 2023	53 fiscal weeks ending February 3, 2024
Fiscal year 2022	52 fiscal weeks ending January 28, 2023
Fiscal year 2021	52 fiscal weeks ending January 29, 2022
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

Term	Definition
NAV	Net asset value
NMN	Nordstrom Media Network, where we use our first party first-party data and marketing infrastructure to drive cooperative marketing with vendors across both offsite and onsite marketing platforms
Nordstrom	Nordstrom.com, Nordstrom U.S. stores and Nordstrom Local. Nordstrom also included Canada which includes operations prior to March 2, 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, Nordstrom Local, ASOS Nordstrom prior to December 2023 and TrunkClub.com prior to October 2022, TrunkClub.com.2022.
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 and, prior to the first quarter of 2021, HauteLook.com
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
PCAOB	Public Company Accounting Oversight Board (United States)
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 in September 2022
ROU asset	Operating lease right-of-use asset
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SERP	Unfunded defined benefit Supplemental Executive Retirement Plan
Secured Notes	8.750% senior secured notes that were originally due May 2025
SG&A	Selling, general and administrative
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.

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PART I

Item 1. Business.

DESCRIPTION OF BUSINESS

Overview

The Company was founded in 1901 as a retail shoe business in Seattle, Washington, under the guiding principle that success would come by offering customers the very best service, selection, quality and value. We aspire to be the best fashion retailer in a digitally connected world by leveraging the strength of the Nordstrom and Nordstrom Rack banners, our digital and physical properties, and our interconnected business model. We offer an extensive selection of high-quality brand-name and private label private-label merchandise for women, men, young adults and children, with a focus on apparel, shoes, beauty, accessories and home goods. No matter how customers choose to shop, we are committed to delivering superior service, products and experiences — including alterations, order pickup, dining and styling — to make shopping fun, personalized and convenient. We have one reportable segment, which aggregates our two operating segments, Nordstrom and Nordstrom Rack.

Nordstrom is a leading destination for a breadth of products across brands, styles and prices complemented by unmatched services and experiences. As of January 28, 2023 February 3, 2024, Nordstrom includes the following physical and digital and physical properties:

- 93 Nordstrom stores in the U.S.
- Nordstrom.com website and mobile application
- Nordstrom.ca website
- 94 Nordstrom stores in the U.S.
- six Nordstrom stores and seven Nordstrom Rack stores in Canada
- seven Nordstrom Locals
- one ASOS | On March 2, 2023, Nordstrom StoreCanada commenced a wind-down of its business operations. See Note 2: Canada Wind-down in Item 8 for more information.

Nordstrom Rack is a premier off-price destination with an industry-leading off-price digital presence, offering great brands at great prices. As of January 28, 2023 February 3, 2024, Nordstrom Rack includes the following physical and digital and physical properties:

- 258 Nordstrom Rack stores in the U.S.
- NordstromRack.com website and mobile application
- 241 Nordstrom Rack stores in the U.S.
- two Last Chance clearance stores

On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations. See Note 15: Subsequent Events in Item 8 for more information.

Nordstrom Rack purchases merchandise primarily from many of the same vendors carried at Nordstrom and also serves as an outlet for clearance merchandise from the Nordstrom banner. We continue to expand our offerings of the most coveted brands we carry as well as source from new vendors, to ensure we have the selection our an assortment that customers want. Currently, NordstromRack.com offers Our goal is for customers to shop and discover amazing deals through both a selection of Nordstrom Rack merchandise and limited-time flash sale events events. We continue to expand Nordstrom Rack's physical footprint — we opened 19 new Nordstrom Rack stores across the U.S. in 2023 and intend on fashion and lifestyle brands, which formerly existed on HauteLook.com prior to the first quarter opening 22 more new stores in 2024. Nordstrom Rack stores serve as our primary source of 2021 when it was consolidated into NordstromRack.com. new customers.

As a business, one of our key advantages lies in our ability to leverage an integrated network of physical and digital assets across both Nordstrom and Nordstrom Rack banners. This creates flexibility and convenience for our customers, no matter how they choose to shop — online through our apps or in stores. This We are well positioned to support our customers with a scalable platform that has been built to support continued growth.

Our omni-channel platform is our differentiator, providing customers with more product available for next day pickup, the ability to pick up or return orders to any store location regardless of purchase origin and our suite of personalized services. We have also found the average customer who shops across both banners, in stores and online, spends over twelve times more than a customer utilizing a single channel and banner.

Our Closer to You strategy leverages a strong store fleet and links our omni-channel capabilities at the local market level, positioning positions us physically closer to the customer and allowing allows us to drive customer engagement through better service and greater access to product. There are two elements to this strategy. First, we aim to provide customers a greater selection In addition, our fleet of merchandise available for next-day pickup or delivery without increasing inventory levels. Second, we are increasing engagement stores helps us engage with customers by offering express unique events and services such as personal styling, order pickup, returns and alterations at additional convenient locations. In 2022, we continued to scale our market strategy by expanding next-day order pickup capabilities to Our interconnected model is proving that it works — the average customer who shops across both banners, in both stores and online, spends over 60 additional Rack stores in our top 20 markets.

We also receive credit card revenue through our program agreement with TD, whereby TD is the exclusive issuer of our consumer credit cards and we perform account servicing functions. Credit card revenues, net include our portion of the ongoing credit card revenue, net of credit losses, pursuant to our program agreement with TD. In the fourth quarter of 2022, we amended our program agreement with TD. The original agreement was scheduled to expire in April 2024 and the amendment extends the term through September 2026.

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twelve times more than a customer shopping a single channel or banner.

Products

In order to offer merchandise that our customers want, we purchase from a wide variety of high-quality domestic and foreign suppliers. Additionally, we utilize unowned inventory models beyond traditional wholesale arrangements that provide a broader assortment in new and existing categories. We also have arrangements with agents and contract manufacturers to produce our private label private-brand merchandise.

Nordstrom Rack invests in pack and hold inventory, which involves the strategic purchase of merchandise from some of our top brands in advance of the upcoming selling seasons or to minimize inventory gaps from supply chain disruptions, allowing us to buy larger quantities of relevant items when available, then hold a portion of it to deploy in periods with high demand, tight supply, facilitate new store openings or system constraints. This inventory is typically held for six months on average.

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Return Policy

We have a fair and reasonable approach to returns, handling them on a case-by-case basis with the ultimate objective of making our customers happy. customer satisfaction. Almost all merchandise can be returned by mail or at any store location. We have no formal policy on how long we accept returns for purchases made at Nordstrom stores and Nordstrom.com. Our goal is to take care of our customers, which includes making returns and exchanges easy, whether in stores or online, online. At our Nordstrom banner, where we offer free shipping on purchases and returns, returns, we have no formal policy on how long we accept returns for purchases made. We generally accept returns of apparel, footwear, accessories and home products with the original price tag and sales receipt up to 30 days from the date of purchase at Nordstrom Rack stores and up to 40 days from the date of order at NordstromRack.com.

Loyalty Program

The Nordy Club is our customer loyalty program that incorporates a traditional point and benefit system, while providing customers exclusive access to products and events, enhanced services, personalized experiences and more convenient ways to shop. Customers accumulate points based on their level of spending and type of participation. Upon

reaching certain point thresholds, customers receive Nordstrom Notes, which can be redeemed for goods or services across Nordstrom and Nordstrom Rack. The Nordy Club benefits vary based on the level of customer spend, and include bonus points days and shopping and fashion events.

We offer customers access to a variety of payment products and services, including a selection of Nordstrom-branded Visa® credit cards, **in the U.S. and Canada**, as well as a Nordstrom-branded **private label private-label** credit card for Nordstrom purchases. When customers use a Nordstrom-branded credit or debit card, they also participate in The Nordy Club and receive additional benefits, which can vary depending on the level of spend, including early access to the Anniversary Sale, enhanced **alteration alterations** and stylist benefits and incremental accumulation of points toward Nordstrom Notes.

Although the primary purpose of offering our credit cards is to foster greater customer loyalty and drive more sales, we also receive credit card revenue through our program agreement with TD. Under that agreement, which was amended in the fourth quarter of 2022 and runs through September 2026, TD is the exclusive issuer of Nordstrom-branded consumer credit cards and we perform account servicing functions for those cards. Credit card revenues, net include our portion of the ongoing credit card revenue, net of credit losses, pursuant to our program agreement with TD.

Supply Chain Network

Our We are continually expanding and enhancing our Supply Chain Network facilities and inventory management systems to support our omni-channel capabilities and provide greater access to merchandise selection and faster delivery. As of February 3, 2024, our Supply Chain Network consists of:

- three fulfillment centers that primarily process and ship orders to our customers
- six distribution centers that primarily process and ship merchandise to our stores and other facilities
- one omni-channel center that both fulfills customer orders and ships merchandise to our stores

We are continually expanding In addition, our existing fleet of Nordstrom and enhancing Nordstrom Rack stores enables pickup and returns of online orders and facilitates a broader assortment to our Supply Chain Network facilities and inventory management systems to support our omni-channel capabilities and provide greater access to merchandise selection and faster delivery. digital customers. We select locations and customize inventory allocations to enable merchandise to flow more efficiently and quickly to our customers.

Nordstrom online purchases are primarily shipped to our customers from our fulfillment centers but may also be shipped from our Nordstrom stores, distribution centers or omni-channel centers. center. Nordstrom in-store purchases are primarily fulfilled from that store's inventory, but when inventory is unavailable at that store, it may also be shipped to our customers from our fulfillment centers, distribution centers, omni-channel centers center or from other Nordstrom stores. Nordstrom Rack online purchases are shipped to our customers from our fulfillment centers and distribution centers. Both Nordstrom and Nordstrom Rack selectively use vendor dropship to supplement online offerings, which are then shipped directly from the vendor to the end customer.

Our first large-scale omni-channel center in Riverside, California, which supports our Nordstrom customers in the West Coast region, opened in 2020. We plan to add Nordstrom Rack inventory and fulfillment will be added to this facility in the future. Our smaller Local omni-channel Hub hub in Torrance, California ceased operations in the third quarter of 2022 as we scaled our Riverside location to support demand in that region. Subsequent to year end, on March 5, 2024, we announced the decision to relocate our San Bernardino fulfillment center operations to our West Coast omni-channel center.

EMPLOYEES

We believe that creating a best-in-class customer experience begins with creating an environment that celebrates and supports all our employees. As we strive to attract and retain the best talent in the industry, we are committed to cultivating a workplace culture where our employees feel included, supported and confident bringing their full selves to work.

Nordstrom, Inc. and subsidiaries9

As of January 28, 2023 February 3, 2024, we employed approximately 60,000 employees, which are comprised of approximately 80% hourly employees and 20% salaried 54,000 employees. Approximately 75% of employees support our stores and approximately 12% 10% support our Supply Chain Network. Due to the seasonal nature of our business, the number of temporary employees may vary and peak during our Anniversary Sale and holiday seasons. In connection with these peak shopping seasons, our employee count may increase by approximately 7% to meet the needs of the business. Currently, our employees have not chosen to be represented by a union.

Nordstrom, Inc. and subsidiaries9

Diversity, Equity, Inclusion & Belonging

Our commitment to fostering a diverse, equitable and inclusive environment is key to our mission of helping our customers feel good and look their best. We believe in cultivating equity throughout the retail industry and aim to use our resources, influence and platform to foster greater representation of diversity from all our communities. Over the past several years, we've we have amplified our efforts in this area and set specific workplace and marketplace ambitions to achieve by the end of 2025, which include:

- Delivering \$500 million in retail sales from brands owned by, operated by or designed by Black and/or Latinx individuals
- Aiming to increase representation of Black and Latinx individuals in people-manager roles by at least 50% on average
- Leveraging our internship program and other initiatives to help us reach qualified candidates early in their careers, with an ambition on average of at least 50% of participants in these programs coming from underrepresented populations

2025. To lead and drive this work, we have operationalized diversity, equity, inclusion and belonging through consistent reviews with Erik B. Nordstrom, our Chief Executive Officer, and Farrell B. Redwine, Lisa Price, our Chief Human Resources Officer. In addition, our diversity, equity, inclusion and belonging team serves as a center of excellence within the human resources organization and collaborates with leaders across the business to develop and embed diverse, equitable and inclusive strategies. Progress toward our diversity, equity, inclusion and belonging ambitions is tracked and reviewed regularly by our executive team and the Board of Directors.

As part of these ongoing efforts, we have several internal initiatives underway to facilitate a sense of belonging and connection among our teams. One way we do this is through our employee-led, Company-sponsored company-sponsored Employee Resource Groups, which represent a variety of seen and unseen identities. In 2022, 2023, eight groups served and were led by our employees, providing company-wide programming to advance understanding and celebrate voices from across our organization.

We continue to partner with organizations that invest in equitable pathways for fashion, design and retail talent. In 2022, 2023, we expanded supported a product management coursework and strengthened our talent pipelines in collaboration with the OneTen Coalition and in partnership with mentorship program at Morehouse College, where we supported the launch of a new product management track. Starting in the spring 2023 semester, Nordstrom leaders National Retail Federation's Student Program and technologists will teach Harlem's Fashion Row and mentor students enrolled in the program.

Progress toward our diversity, equity, inclusion their nonprofit ICON360 with their inaugural Historically Black Colleges and belonging ambitions is tracked and reviewed regularly by our executive team and Board of Directors. Universities professor summit.

Employee Safety and Well-being

The health and safety of our customers, employees and communities is a responsibility we take very seriously. We continue to offer a variety of mental, emotional and physical wellness resources to support our employees, including digital mental health support and free counseling services through our Employee Assistance Programs.

We seek to listen to and learn from employees across our organization by cultivating an through our open-door policy, conducting regular listening sessions and utilizing our annual Voice of the Employee survey. We regularly review survey results against industry benchmarks to hold ourselves accountable as we continue to improve and evolve our workplace environment.

We are remain committed to creating a culture where employees feel as if they can bring their whole selves to work and achieve their career goals through ongoing growth and development opportunities and fair and transparent performance management and promotion processes.

Total Rewards

To support our goals to retain and attract talented employees, we review our benefits and compensation approach annually.

- **Benefits:** We offer a range of benefits to all employees upon meeting eligibility requirements, including health care, wellness programs, financial and retirement plans and time away. In addition, we have increased our focus on well-being by activating through a multi-year strategy to bring our people new resources and tools to support total well-being, including mental health support.
- **Compensation:** We're We are committed to providing our employees with a great place to grow meaningful careers. We regularly review our pay in the markets in which we operate to ensure we are competitive, and we make updates accordingly throughout the year.

To ensure we are offering offer a rewards package that aligns with the wants and needs of our employees, we routinely ask employees for their feedback in surveys throughout the year. We use the feedback to improve the overall experience of our employees.

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CORPORATE SOCIAL RESPONSIBILITY

We believe we have a responsibility to support the communities where we operate. operate and to support the health, safety and human rights of everyone in our value chain.

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Our Corporate Social Responsibility strategy set in 2020 includes five-year goals focused focuses on environmental sustainability, human rights and corporate philanthropy. In 2022, 2023, we made meaningful progress in these areas. Specific highlights include:

- **Environmental Sustainability:** We expanded Through our BEAUTYCYCLE program to Nordstrom Rack stores. This program allows us to accept beauty packaging waste materials that typically can't be placed in curbside take back and recycling bins. Through program BEAUTYCYCLE, we took hit an important milestone of taking back more than 25 50 tons of beauty packaging in 2022, compared with five waste, bringing us more than halfway to our goal of taking back 100 tons in 2021, by 2025. We also began replacing our plastic Nordstrom Rack shopping bags with paper bags in support of our goal established science-based targets to reduce single-use plastic in our value chain by 50% greenhouse gas emissions for scope 1 (direct emissions from sources we own or control), scope 2 (indirect emissions from purchased electricity, heat and cooling) and scope 3 (indirect emissions associated with products we sell).
- **Human Rights:** We are committed to creating safe and fair workplaces for the people who make our products. Our products and we conduct due diligence to help support human rights due diligence and responsible sourcing. Our Human Rights and Responsible Sourcing program is based on international standards, and the foundation of our human rights program is designed around third-party impact assessments and supported by upholding our Partner Code of Conduct and using third-party assessments to engage our suppliers on relevant policies and programs. We strengthened our policies and programs all of which were strengthened during the year and are assessed and improved assess them cyclically. As a
- **Gender Equity:** Promoting gender equity is part of our commitment to human rights due diligence, rights. We aim to drive positive change by producing more of our products in factories where women have resources to learn, grow and lead. By the end of 2025, we audit factories that make expect 90% or more of our Nordstrom Made products for compliance with our Partner Code of Conduct product volume to be produced in facilities that invest in gender equity programs, and implement corrective action plans where necessary.

- **Women's Rights:** We hit a milestone: almost 50% of Nordstrom Made products were produced we are actively expanding production in factories that offer women's empowerment training, bringing us closer made this commitment. We are more than halfway to our goal of producing 90% of Nordstrom Made products in factories that invest in women's empowerment by 2025 goal.
- **Charitable Giving:** In our 13th year partnering with Shoes That Fit, we raised more than \$1.2 million and donated more than 50,000 pairs of shoes to kids in our local communities. We donated over \$12 million to over 270 organizations located in the communities where we do business. Our employees gave to over 2,900 nonprofits, which we supported continued our partnerships with 100% matching. Together Operation Warm and Big Brothers Big Sisters, and together with our customers, and we raised enough funds to provide over 25,000 new coats to kids in need this holiday season. On Giving Tuesday alone, our employees we used our platform allocated over \$1 million to drive the causes they care about \$16 million in nonprofit donations based in the U.S. and Canada, volunteered over 2,500 hours.

Read our full list of 2025 goals and more about our corporate social responsibility efforts at NordstromCares.com. The information contained or referred to on our website is not deemed to be incorporated by reference into this Annual Report unless otherwise expressly noted.

TRADEMARKS

Our most notable trademarks include Nordstrom, Nordstrom Rack, Zella, Z by Zella, BP, and , Open Edit, Chelsea28, Caslon, Halogen, Tucker + Tate, Treasure & Bond, Bond, 14th & Union, Leith, Abound, Harper Canyon and Melrose & Market. Each of our trademarks is renewable indefinitely, provided it is still used in commerce at the time of the renewal.

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. Approximately one One week of our Anniversary Sale shifted from the second quarter in 2022 to the third quarter in 2021 to the second quarter in 2022, 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.

COMPETITIVE CONDITIONS

We operate in a highly competitive business environment. We regularly compete with other international, national, regional and local retailers, including internet-based businesses, omni-channel department stores, online marketplaces, brands selling direct to consumers online and in-stores, specialty stores, off-price stores and boutiques, which may carry similar lines of merchandise. Our specific competitors vary from market to market. We believe the keys to competing in our industry are what will always matter most to our customers: providing compelling product and outstanding service, both digitally and in stores, backed by people who care. This includes serving customers on their terms by providing a seamless digital and physical experience, offering compelling, curated and quality products across a range of price points, and strategically partnering with relevant and limited distribution brands, all in top markets.

Nordstrom, Inc. and subsidiaries¹¹

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other documents with the SEC. The SEC maintains a website at SEC.gov that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC.

Our website addresses are Nordstrom.com and NordstromRack.com. Our annual and quarterly reports on Form 10-K and Form 10-Q, current reports on Form 8-K, proxy statements, our executives' statements of changes in beneficial ownership of securities on Form 4 and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available for free on or through our website as soon as reasonably practicable after we electronically file the report with or furnish it to the SEC. Interested parties may also access a webcast of quarterly earnings conference calls and other financial events through our website at investor.nordstrom.com.

Nordstrom, Inc. and subsidiaries¹¹

We have a long-standing commitment to upholding a high level of ethical standards. In addition, we have adopted Codes of Business Conduct and Ethics for our employees, officers and directors and Corporate Governance Guidelines, which comply with the listing standards of the NYSE and SEC requirements. Our Codes of Business Conduct and Ethics, Corporate Governance Guidelines and Committee Charters for the following Board of Director Committees are available through our website:

- Audit and Finance
- Compensation, People and Culture
- Corporate Governance and Nominating
- Technology

Any amendments to these documents, or waivers of the requirements they contain, will also be available on our website.

For printed versions of these items or any other inquiries, please contact:

Item 1A. Risk Factors.

Our business faces many risks. We believe the risks described below outline the items of most concern to us. In evaluating our Company, you should carefully consider the following factors, in addition to the other information in this 2022 2023 Annual Report. Before you buy our common stock or invest in our debt, you should know that making such an investment involves risks including, but not limited to, the risks described below. Any one of the following risks could harm our business, financial condition, results of operations or reputation, each of which could cause our stock price to decline or a default on our debt payments, and you may lose all or a part of your investment. Additional risks, trends and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations or reputation.

STRATEGIC AND OPERATIONAL RISKS

If we are unable to successfully execute our customer strategy, grow our customer base or evolve our business model, it could negatively impact our business and future profitability and growth.

Our We believe our omni-channel market strategy Closer to You, is a powerful enabler for the business allowing which allows us to better serve customers and provide greater access to product by leveraging all of our assets of people, product and place at the market level. As our business evolves, we must continue to scale our market strategy and focus on better serving our customers through three priorities with significant potential for growth: improving Nordstrom Rack performance, winning in our most important markets, broadening the reach of Nordstrom Rack and leveraging increasing our digital capabilities, velocity. Our Closer to You market strategy focuses on our customers by providing seeking to provide a differentiated and seamless experience in a digital world by bringing all of our assets together in each market to serve customers when, where and how they want to shop. We aim to balance our assortment, increase the breadth of selection and continue to leverage our digital and physical assets to increase selection and improve profitability in our Nordstrom Rack banner. As a digital-first business, we are well positioned to support our customers with a scalable platform that has been built to support continued growth. We are expanding working to expand our inventory flexibility through unowned inventory models, including strategic brands, wholesale, vertical brands, dropship, concession, dropship marketplace and other strategies. Additionally, we are scaling working to scale our NMN, which allows our brand partners to directly connect with our customers through on on- and off-site media campaigns to drive traffic, sales and engagement.

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Our customer focus on the customer requires us to build new supply chain capabilities and enhance existing ones, develop applications for electronic devices, improve customer-facing technology, deliver purchased products timely, enhance inventory management systems and allow greater and more fluid inventory availability between digital and retail locations through our Closer to You market strategy. In addition, these strategies will require further expansion of and reliance on data science and analytics. This business model has a highly variable cost structure driven by our Supply Chain Network and marketing costs and will continue to require investments in cross-channel operations and supporting technologies. There are also inherent risks associated with the investment in new technologies, such as generative artificial intelligence, and such operational and supporting technologies can be subject to failure, disruption or unavailability and increased vulnerability to cyberattacks and other cyber incidents.

If we do not successfully implement our customer strategy, including thoroughly understanding and delivering on our customer customers' needs and wants, effectively integrating our digital operations and stores and scaling our Closer to You market strategy, strengthening our brand awareness, expanding our supply chain initiatives and efficiently getting product to our customers, we may fall short of our customers' expectations, which would impact our brand, reputation, profitability and growth. Also, if customers shift to between shopping at our store and digital channels, or between our Nordstrom and Nordstrom Rack banners, at a different pace than we anticipate, we may need to quickly modify our digital and store or Nordstrom and Nordstrom Rack initiatives and investments. If we do not have or devote the resources necessary to execute upon these strategies, our business could be negatively impacted.

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Our business could suffer if we do not appropriately assess and react to competitive market forces and changes in customer behavior.

The retail environment is rapidly evolving. Customer shopping preferences continue to shift, including increasing expectations for faster delivery of product. In addition, the retail environment is under significant pressure from non-traditional retailers, including the emergence of online marketplaces and rental and recommerce companies. We regularly compete with other international, national, regional and local retailers, including internet-based businesses, omni-channel department stores, online marketplaces, brands selling direct to consumers online and in-stores, specialty stores, off-price stores and boutiques, which may carry similar lines of merchandise. Digital channels continue to facilitate comparison shopping, intensifying competition in the retail market, and marketing digitally is controlled by a few key platforms. If we fail to adequately anticipate or respond to customer behavior and expectations, or changing market dynamics, we may lose market share or our ability to remain competitive, causing our sales and profitability to suffer, suffer, and may potentially impact the valuation of our goodwill and result in a non-cash impairment charge. If the efficiency and allocation of loyalty marketing, advertising and promotional campaigns that attract customers through various programs and media, including digital media and print, is unsuccessful in influencing consumer behavior in our digital channels and stores, or if our competitors are more effective with their programs than we are, our growth and profitability could suffer. We also may not gather accurate and relevant data or effectively utilize that data, which may impact our strategic planning, marketing and loyalty programs and our overall decision making.

Our customer relationships and sales may be negatively impacted if we do not anticipate and respond to consumer preferences and fashion trends or manage inventory levels appropriately.

Our ability to predict or respond to constantly changing fashion trends, demographics, consumer preferences and spending patterns significantly impacts our sales and operating results. We must effectively manage our merchandise mix to curate an assortment that offers newness and greater selection at various price points. Some merchandise may take several months from the time we place a purchase order to the time it is received, and our ability to accelerate or modify that timeline or purchase order contents may be limited. If we do not identify and respond to emerging trends in consumer spending and preferences quickly enough, identify the right partners that align with our customer strategy, broaden or expand our category offering fast enough or in the right areas or develop, evolve and retain our team's talent, mindset and technical skills to support changing operating models, we may harm our ability to retain our existing customers or attract new customers. We also store a certain level of pack-and-hold inventory to deploy in periods with high demand, tight supply or system constraints. As a result, we are vulnerable to shifts in consumer demand and misjudgments in the assortment and timing of merchandise purchases which may impact our ability to sell through this inventory in future periods. Ensuring we optimize our inventory and improve the planning and management of inventory through use of data and analytics is critical to serving the customer, driving growth and maximizing profitability. If we purchase too much inventory, we may be forced to sell our merchandise at lower average margins by taking significant markdowns, which could harm our business. Conversely, if we fail to purchase enough merchandise, or inventory does not arrive fast enough or as expected, we may lose opportunities for additional sales and potentially harm relationships with our customers.

Nordstrom, Inc. and subsidiaries¹³

Any inability to mitigate global labor and merchandise pricing pressures or disruptions may negatively impact our profitability.

Our profitability depends in part on our ability to anticipate and react to operating volatility, including the cost and availability of labor and merchandise. Increases in product and/or delivery costs, including changes in the price of raw materials to us and our vendors that are directly or indirectly related to the production and distribution of our products or increases in energy, labor or fuel and transportation costs, may translate to higher sales prices, which may then impact customer demand. In the near term, we are focused on improving our internal network and processes by diversifying our carrier capacity, gaining better end-to-end visibility of inventory and increasing velocity and throughput in our Supply Chain Network. If we are unable to respond effectively to ongoing pricing pressures or labor shortages, or offset such costs, there could be a material adverse impact on our business and financial results.

Our employees are key to supporting our business and operations effectively, and increased labor costs put pressure on our operating expenses. When wage rates or benefit levels increase in particular markets, increasing our wages or benefits has negatively impacted and may continue to negatively impact our earnings. Conversely, failing to offer competitive wages or benefits could adversely affect our ability to attract or retain sufficient or quality employees, causing increased turnover and our customer service to suffer. Excessive turnover may result in higher costs associated with finding, hiring and training new employees.

Any impediment to our inventory optimization may impact our ability to drive growth and meet customer demand, affecting future results and profitability. Shortages in certain materials and increasing pricing pressures in the highly competitive retail environment have contributed, and may in the future continue to contribute, to fluctuations in the quality, availability and price of our merchandise. The availability of raw materials or inventory to the U.S. may hinder our ability to meet customer demand. Vendors Our vendors and other suppliers of the Company may experience similar fluctuations or restrictions, which may subject us to the effects of their price increases. Additionally, if we do not gather complete, accurate and timely competitive pricing data, or adequately utilize this data to implement an effective pricing strategy, our ability to successfully compete could be negatively impacted, causing our sales, profitability and results of operations to suffer.

Nordstrom, Inc. and subsidiaries¹³

Improvements to our processes and systems for Supply Chain Network, inventory, buying, vendor payment and accounting processes and systems could adversely affect our business if not successfully executed.

Our business depends on accuracy throughout our product flow process. We are making investments to streamline and standardize our Supply Chain Network, inventory, buying, vendor payments and accounting capabilities through changes in technology, such as the utilization of generative artificial intelligence-enabled methodologies and processes. If we encounter challenges associated with change management, inventory integrity and implementation of associated information technology or adoption of new processes, features or capabilities, our ability to continue to successfully execute or evolve our strategy with changes in the retail environment could be adversely affected. Or, if we are unable to maintain accurate, reliable and effective inventory tracking systems, such as our use of RFID technology, which are critical to our integrated omni-channel business strategy, it may adversely impact our sales and profitability and may result in canceled orders and increased costs relative to our current expectations.

If we do not effectively attract, retain, train and develop talent and future leaders, our business may suffer.

We rely on the experience of our senior management, who have specific knowledge relating to us and our industry that is difficult to replace, to execute our business strategies and objectives. We have succession plans in place and our Board of Directors reviews these succession plans. If our succession plans do not adequately cover significant and unanticipated turnover, the loss of the services of any of these individuals, or any resulting negative perceptions or reactions, could damage our reputation and our business.

Additionally, our success depends on the talents and abilities of our workforce in all areas of our business, especially personnel that can adapt to complexities and grow their skillset across the changing environment. Our ability to successfully execute our customer strategy depends on attracting, developing and retaining qualified talent with diverse sets of skills, especially functional and technology specialists that directly support our strategies. We have a large workforce, and our ability to meet our labor needs is subject to various external factors such as regional minimum wage and benefits requirements, market pressures, prevailing wage rates, benefit mix, unemployment levels, changing demographics, economic conditions and a dynamic regulatory environment.

We have experienced, and may continue to experience, increased employee attrition due to an intense competition for talent, a competitive wage environment and labor shortages. In the Seattle metropolitan area, where our corporate headquarters are located, we regularly compete for talent with many larger technology-focused companies, which may increase market compensation, especially for certain employee groups. If we are unable to sustain employee satisfaction or offer competitive compensation and benefits,

appropriate training and development or a compelling work environment, our culture may be adversely affected, our reputation may be damaged and we may incur costs related to turnover.

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Our program agreement with TD, or changes to that agreement, could adversely impact our business.

The program agreement with TD was consummated on terms that allow us to maintain customer-facing activities, while TD facilitates issuance of Nordstrom-branded payment methods and provides payment processing services. If we fail to meet certain service levels, TD has the right to assume certain individual servicing functions including managing accounts and collection activities. If we lose control of such activities and functions, if we do not successfully respond to potential risks and appropriately manage potential costs associated with the program agreement with TD or if these transactions negatively impact the customer service associated with our cards, resulting in harm to our business reputation and competitive position, our operations, cash flows and earnings could be adversely affected. If, upon expiration of our current program agreement in 2026, a new contract has less favorable terms, our results could be negatively impacted. If TD became unwilling or unable to provide these services or if there are changes to the risk management policies implemented under our program agreement with TD, our results may be negatively impacted. If we lose control over certain servicing functions and TD is are unable to successfully manage accounts and collection activities, ensure the successful management of servicing related to Nordstrom-branded credit cards, it may heighten the risk of credit losses.

DATA, CYBERSECURITY AND INFORMATION TECHNOLOGY RISKS

Even if we take appropriate measures to safeguard our information, network and environment from security breaches or unauthorized disclosures, our customers, employees and business could still be exposed to risk.

We and our third-party providers access, collect, store and transmit sensitive and confidential Company, customer and employee data and information, including consumer preferences and credit card information, all of which are subject to demanding and continuously evolving privacy and security laws and regulations. A number of jurisdictions where we do business have enacted or are considering new privacy and data protection laws which impact our responsibilities with respect to this data, including California, Virginia, Colorado, Connecticut, Utah and Utah. Virginia. In addition, the substantial majority of our corporate employees working remotely has resulted advances in increased demand on our information technology infrastructure, artificial intelligence technologies, which can be subject to failure, disruption or unavailability, and has increased attackers may use, increase vulnerability to cyberattacks, and other cyber incidents or privacy incidents.

We have taken measures to help prevent a breach of our information security networks and environments and comply with cybersecurity and privacy requirements by implementing safeguards and procedures designed to protect the security, confidentiality and integrity of such information. In addition, we have strengthened our contracts to require, where possible, our third-party providers to implement administrative, physical and technical safeguards and procedures aligned to industry best practices. Like many companies with an ecommerce presence, we, as well as several of our vendors, have suffered breaches of our cybersecurity in the past and are at risk for such breaches in the future.

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Despite the fact that we have implemented measures to prevent intentional or inadvertent information security breaches and requested our third-party providers to do the same, these measures cannot completely eliminate cybersecurity risk. Like many companies, we, as well as several of our vendors, have suffered breaches of our cybersecurity in the past and are at risk for such breaches in the future. Security breaches and cyber incidents, whether at our Company, our third-party suppliers and service providers or other retailers, could expose us to loss, unauthorized release or disclosure of customer, employee or Company confidential information, litigation, investigation, regulatory enforcement action, penalties and fines, orders to stop any alleged noncompliant activity, information technology system failures or network disruptions, increased cyber-protection and remediation costs, financial losses, potential liability, or loss of customers', employees' or third-party providers' trust and business, any of which could adversely impact our reputation, competitiveness and financial performance. Concerns about our data management practices, including the collection, use, retention, security or disclosure of personal information or other privacy-related matters, even if unfounded, could subject the Company to regulatory inquiries and damage our reputation, adversely affecting our operating results.

Our business may be impacted by information technology system failures or network disruptions.

Our ability to transact with customers and operate our business depends on the efficient operation of various internal and third-party information technology systems, including cloud computing, data centers, hardware, software and applications, to manage certain aspects of our Company, including online and store transactions, logistics and communication, inventory and reporting systems. We seek to build quality resilient and secure systems, select reputable system vendors and implement procedures intended to enable us to protect our systems when we modify them. We test our systems to address vulnerabilities and train our employees regarding practices to protect the safety of our technology systems.

There are inherent risks associated with developing, modifying or replacing information technology systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementing technology initiatives and the time and resources required to optimize the benefits of new elements of our systems and infrastructure could reduce the efficiency of our operations in the short term.

If we encounter an interruption or deterioration in critical systems or processes or experience the loss of critical data, which may result from security or cybersecurity threats or attacks, natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or third-party or other disruptions, our business could be harmed both in the short-term and over a longer period. Depending on the severity of the failure, our disaster recovery plans may be inadequate or ineffective. These events could also damage our reputation, result in increased costs or loss of sales and be expensive require significant time and time consuming expense to remedy.

Nordstrom, Inc. and subsidiaries15

REPUTATION AND RELATIONSHIP RISKS

Our customer, employee, vendor, third-party partner, landlord and other stakeholder relationships could be negatively affected if we fail to maintain our corporate culture and reputation.

We have a well-recognized culture and reputation that consumers may associate with a high level of integrity, customer service and quality merchandise, and it is one of the reasons customers shop with us and employees choose us as a place of employment. Any significant damage to our reputation, including damages arising from our noncompliant business, data privacy, information security, diversity, environmental or social responsibility practices, news about our Company or factors outside our control or on social media, could diminish customer trust, weaken our vendor relationships, reduce employee morale and productivity and lead to difficulties in recruiting and retaining qualified employees. Additionally, management may not accurately assess the impact of significant legislative changes, including those that relate to data privacy and security, employment matters, labor issues, environmental compliance and health care, impacting our relationship with our customers or our workforce and adversely affecting our sales and operations.

There is also increased focus from both internal and external stakeholders on corporate social responsibility and sustainability matters. If we do not, or are perceived not to, act responsibly with respect to our practices and initiatives, meet any communicated targets, goals or milestones or lack transparency with our initiatives, our reputation could be damaged. We may also incur additional costs as we invest in new ways to operate to better support our communities and the customer our customers or to report our outcomes and results.

In addition, the long-term reputational impact of from winding down business operations in Canada, including the impact to our customers, employees, vendors and third-party partners and landlords, is unknown, and we may need to take actions that could increase our expenses and adversely affect the results of our operations.

Nordstrom, Inc. and subsidiaries¹⁵

Our business depends on third parties for the production, supply and delivery of goods and/or services, and a disruption could result in lost sales or increased costs.

Supply Chain

Timely receipts receipt of quality merchandise from third parties is critical to our business, business, as the majority of the goods we sell are produced by vendors in factories overseas. Our process to identify qualified vendors and access quality products in an efficient manner on acceptable terms and cost can be complex. Vendors and factors may also be subject to credit capacity limits that restrict shipments. In addition, we rely on a limited number of carriers to deliver our product to customers. Ongoing disruptions in the global supply chain, including factory closures, transportation challenges, rising freight expenses, violations of law or global standards with respect to human rights, quality and safety by any of our importers, manufacturers or distributors, or parties upstream within their respective supply chains, could result in delays in shipments and receipt of goods or damage our reputation. goods. These third parties may experience supply chain or port disruptions, stoppages of certain imports or other difficulties due to economic, business, political, environmental or epidemic conditions, or may shift their business models away from prior practice, any of which could negatively impact our inventory levels, delivery timelines and ability to meet customer demand. practice. Additionally, the countries in which merchandise is manufactured could become subject to new trade restrictions, including increased taxation on imported goods, customs restrictions, tariffs or quotas. Such violations, disruptions

Any disruption, delay or changes change in our or our vendors' supply chain, including increased transit times or costs, could negatively impact our inventory levels, delivery timelines and our ability to meet customer demand, which in turn may have a material adverse effect on our business, reputation, results of operations and liquidity. Our corporate social responsibility and sustainability goals, such as our goal to decrease greenhouse gas emissions in our operations and supply chain, may also be adversely impacted by these disruptions.

Other

We are party to contracts, transactions and business relationships with various third parties, including vendors, suppliers, service providers, landlords and lenders, who may have performance, payment and other obligations to us. If any of the third parties with which whom we do business change the terms and conditions that govern their relationships with us due to changes in their business strategy, or become subject to bankruptcy, receivership or similar insolvency proceedings, our rights and benefits in relation to our contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to us or otherwise impaired. We cannot make any assurances that impaired, and we would may be able unable to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could negatively affect In such circumstance, our cash flows, financial condition and results of operations. operations may be negatively impacted.

The decision to wind down business operations in Canada may negatively impact our relationships with vendors that also supply our U.S. operations in a way that might cause less favorable terms and increased costs, result in less timely and efficient deliveries or impact their ability to sell to us.

Distribution

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Our ability to effectively market our brands, sell product through third-party platforms and marketing of, and access to, make our products depends own apps available for customers relies heavily on a variety of third-party publishers, platforms and platforms. distribution channels. If the regulatory environment or these third parties

limit prohibit or otherwise interfere with or change the terms of the marketing, distribution or use or marketing of our products, data, it could adversely affect our results of operations.

We market our brands, sell product through third-party platforms, and distribute make our products own apps available to customers through a variety of third-party publisher and platform channels. Our channels and our ability to market on any given platform or channel is subject to the policies of that party. We are dependent party and regulatory requirements. Our dependency on the interoperability of our products with popular mobile operating systems, such as Android or iOS, websites, networks, technologies, products and standards that we do not control. Additionally, mobile operating systems and websites have identifiers within control, coupled with their platforms that advertisers use to deliver personalized and targeted advertising, requiring users to "opt-in."

Changes in our relationships with mobile operating system partners, websites or mobile carriers, or in their unilateral control of the terms of service and ongoing regulatory scrutiny associated with targeted advertising, could reduce or eliminate our ability to update our apps or distribute our products sell product on these platforms. Any changes, bugs or technical issues in such systems or websites may limit our ability to effectively deliver our products, or to target or measure the effectiveness of ads. There is no guarantee that popular platforms will continue to feature our products, or that mobile device users will continue to use our products rather than competing products, ads. If we do not pick the platforms relevant to our customers, if the platforms give preferential treatment to competitors, limit our ability to deliver, target or measure the effectiveness of ads, or if there is a sudden shift in platform preference, our ability to market our brand effectively could be negatively impacted. Furthermore, to the extent that platform users choose do not "opt-in" to "opt-in" for advertiser access to customer tracking, certain data collection and sharing practices, our ability to deliver, target or measure the effectiveness of ads or drive usage on our apps is limited. impacted.

The concentration of stock ownership in a small number of our shareholders may limit a shareholder's ability to influence corporate matters and impact the price of our shares.

We have regularly reported in our annual proxy statements the holdings of members of the Nordstrom family, including Bruce A. Nordstrom, our former Co-President and Chairman of the Board, his sister Anne E. Gittinger and certain members of the Nordstrom family within our Executive Team. As of March 10, 2023 March 19, 2024, these individuals beneficially owned an aggregate of approximately 30% of our common stock. As a result, either individually or acting together, they may be able to exercise considerable influence over matters requiring shareholder approval, including the election of directors or other matters impacting our management or corporate governance. In addition, as reported in our periodic filings, our Board of Directors has from time to time authorized share repurchases. While these repurchases may be partially offset by share issuances under our equity incentive plans and as consideration for acquisitions, the repurchases may nevertheless have the effect of increasing the overall percentage interest held by these shareholders.

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In September 2022, our Board of Directors adopted a limited-duration shareholder rights agreement. The Rights Plan would cause substantial dilution to the ownership of any person or group that acquires 10% or more of the outstanding shares of our common stock, subject to certain exceptions in the plan (including that the ownership of Bruce A. Nordstrom, Anne E. Gittinger and certain other members of the Nordstrom family as of the date of the Rights Plan's adoption is grandfathered under the plan). By effectively preventing a shareholder or group of shareholders other than the Nordstrom family from acquiring 10% or more of our common stock, the Rights Plan may ensure that the Nordstrom family retains its concentration of ownership relative to other shareholders.

The corporate law of the State of Washington, where we are incorporated, provides that approval of a merger or similar significant corporate transaction requires the affirmative vote of two-thirds of a company's outstanding shares. The interests of the Nordstrom family shareholders may differ from the interest of our shareholders as a whole. The beneficial ownership of the Nordstrom family shareholders may have the effect of discouraging offers to acquire us, delaying or otherwise preventing a significant corporate transaction because the consummation of any such transaction would likely require their approval. As a result of these factors, the market price of our common stock may be affected.

INVESTMENT AND CAPITAL RISKS

If we fail to appropriately manage our capital, we may negatively impact our operations and shareholder return.

We utilize working capital to finance our operations, pay for capital expenditures, acquisitions and investments, manage our debt levels and return value to our shareholders through dividends and share repurchases. Sufficient cash and liquidity are necessary to fund our business. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict access to a potential source of liquidity. A deterioration in our capital structure or the quality and stability of our earnings could result in noncompliance with our debt covenants or a downgrade of our credit rating, constraining the financing available to us or limiting our ability to issue dividends or repurchase shares. In 2022, Fitch Ratings downgraded certain 2023, two of our debt and other the three major ratings agencies revised the Company's credit ratings, rating outlook from stable to negative. These downgrades, outlook changes, and any future reductions in our credit ratings, could result in restricted access to financing and increased borrowing costs and could adversely impact our operations and financial condition. In addition, if we do not properly allocate our capital to maximize returns or we do not maintain financial flexibility, our operations, cash flows and returns to shareholders could be adversely affected.

Nordstrom, Inc. and subsidiaries17

Owning and leasing real estate exposes us to possible liabilities and losses.

We own or lease the land, buildings and equipment for all of our Supply Chain Network facilities, stores and corporate locations and are therefore subject to all of the risks associated with owning and leasing real estate. In particular, the value of the assets could decrease, their operating costs could increase or facilities or stores may not be opened as planned due to changes in the real estate market, demographic trends, site competition, dependence on third-party performance or overall economic environment or may be constrained as a result of the COVID-19 pandemic. environment. We are also potentially subject to liability for environmental conditions, exit costs associated with disposal of a store and commitments to pay base rent for the entire lease term or to operate a store for the duration of an operating covenant. In addition, the invalidity of, or default or termination under, any of our leases may accelerate required cash payments or interfere with our ability to use and operate all or a portion of certain of our facilities, which may have an adverse impact on our operations and results.

The investment in existing and new locations may not achieve our expected returns, such as our investment in the Canada business, which ultimately did not achieve our expectations.

The locations of our Supply Chain Network facilities and existing stores, planned store openings and relocations are assessed based upon desirability, demographics and retail environment. In particular, we have expanded our **Closer to You** **omni-channel market** strategy, where we leverage and connect our digital and physical assets within discrete geographic markets to seamlessly serve our customers within those markets and create synergies between our digital assets, Supply Chain Network and stores. Our expansion of this market strategy has allowed us to execute against one of our top priorities of improving Nordstrom Rack performance through the opening of new Nordstrom Rack stores. We must equip our locations with the proper processes, technology and tools for timely and accurate fulfillment and inventory replenishment. This involves certain risks, including properly balancing our capital investments between fulfillment capabilities, technology, digital channels, new stores, relocations and remodels, assessing the suitability of locations in new domestic and international markets and constructing, furnishing and supplying a facility or store in a timely and cost-effective manner, which may be affected by the actions of third parties, including, but not limited to, private entities and local, state or federal regulatory agencies.

Customers' expectations regarding speed of delivery are evolving. If we do not effectively integrate our digital and physical assets as part of our **Closer to You** **market** strategy, or select locations to optimize our **Closer to You** **market** strategy, we could incur significantly higher costs and shipping times that do not meet customer expectations, which in turn could have a material adverse effect on our business. **Particularly in light of the changing trends between digital and brick-and-mortar shopping channels, sales** Sales through our digital channels or at our stores may not meet projections as we balance trends between digital and brick-and-mortar shopping channels, which could adversely affect our return on investment. If we do not properly allocate capital expenditures between locations, ensure timely complete completion of construction projects associated with Supply Chain Network facilities and new, relocated and remodeled stores or properly maintain any of our properties, customer expectations may not be met, we may lose sales and may incur additional expenses.

Nordstrom, Inc. and subsidiaries¹⁷

ECONOMIC AND EXTERNAL MARKET RISKS

Our revenues and operating results are affected by the seasonal nature of our business and cyclical trends in consumer spending.

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. **Approximately one** One week of our Anniversary Sale shifted from the **second quarter in 2022 to the** third quarter in **2021 to the second quarter in 2022, 2023**. To provide shareholders a better understanding of management's expectations surrounding results, we provide our financial outlook on our expected operating and financial results for future periods comprised of forward-looking statements subject to certain risks and uncertainties. Any factor that negatively impacts these selling seasons could have an adverse and disproportionate effect on our results of operations for the entire year.

Additionally, factors such as results differing from our outlook, changes in sales and operating income, changes in our market valuations, performance results for the general retail industry, news or announcements by us or our industry competitors or changes in analysts' recommendations may cause volatility in the price of our common stock and our shareholder returns.

A downturn in economic conditions, currency fluctuations, inflation, increased unemployment and bankruptcy rates, changes in fiscal stimulus or interest rates and other external market factors have had and could have a significant adverse effect on our business and stock price.

During economic downturns or inflationary periods, **including those resulting from the impacts of COVID-19**, fewer customers may shop, as these purchases may be seen as discretionary, and those who do shop may limit the amount of their purchases. Any reduced demand or changes in customer purchasing behavior may lead to lower sales, higher markdowns and an overly promotional environment or increased marketing and promotional spending.

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Our stores located in shopping centers and malls have been and may be affected by consumer traffic at shopping centers and malls.

The majority of our stores are located within shopping centers and malls and may benefit from the abilities that we and other anchor tenants have to generate consumer traffic. A decline in shopping center traffic in favor of **ecommerce, e-commerce**, the development of new shopping centers and malls, the lack of availability of favorable locations within existing or new shopping centers and malls, the success of individual shopping centers and malls and the success or failure of other anchor tenants have impacted and may impact our ability in the future to maintain or grow our business, as well as our ability to open new stores, which could have an adverse effect on our financial condition or results of operations.

Like other retailers, our stores have been impacted by changing levels of theft or vandalism, which may affect consumer traffic in our stores and cause inventory shrinkage. If we experience higher rates of inventory shrinkage at stores located in shopping centers and malls, or if we are unable to effectively reduce the impact of loss or theft of assets, our operating results could be adversely affected. The severity or quantity of incidents, including perceptions and reactions, may result in reputational damage or loss of customer trust.

The results from our credit card operations could be adversely affected by changes in market conditions or laws.

Revenues earned under our program agreement with TD are indirectly subject to economic and market conditions that are beyond our control, including, but not limited to, interest rates, consumer credit availability, demand for credit, consumer debt levels, payment patterns, delinquency rates, frequency of fee waivers, frequency or volume of governmental stimulus, personal bankruptcy rates, employment trends, laws and other factors. Additionally, changes in net sales partially translate to program agreement revenues. Changes in economic, market or regulatory conditions, customer behavior or our mix of sales and program agreement revenues could impact our revenues and profitability.

Our business and operations could be materially and adversely affected by severe weather patterns, climate change, natural disasters, widespread pandemics, epidemics, civil unrest and other natural or man-made economic, political or environmental disruptions.

Disruptions, and government responses, could cause, among other things, decreases in consumer spending that could negatively impact our sales, declines in traffic in urban centers, staffing shortages in our Supply Chain Network facilities, stores or corporate offices, interruptions in the flow of merchandise to our stores, disruptions in the operations of our merchandise vendors or property developers, increased costs and a negative impact on our reputation and long-term growth plans, which could vary based on the length and severity of the disruption. Health pandemics and epidemics, have in the past and may in the future, impact consumer and government responses, which may have an adverse impact on global economic conditions and our business, results of operations and financial condition. We also have a significant amount of our total sales, stores and square footage on the west coast West Coast of the United States, particularly in California, where we have experienced earthquakes, wildfires, flooding and power outages and shortages that increase our exposure to any market-disrupting conditions in this region.

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LEGAL AND REGULATORY RISKS

We are subject to certain laws, litigation, regulatory matters and ethical standards, and compliance or failure to comply with or adequately address developments as they arise could adversely affect our reputation and operations.

Our policies, procedures and practices and the technology we implement are intended to comply with address applicable federal, state, local and foreign laws, tariffs, rules and regulations, as well as responsible business, social and environmental practices, all of which may change from time to time. Our and our vendors' compliance If we, or the third parties we do business with, fail to comply with these requirements and/or changes to them, may cause our business to could be adversely impacted, or even limit or restrict the activities of our business. impacted. In addition, if we fail to comply noncompliance with applicable laws and regulations or failure to implement responsible business, social, environmental and supply chain practices we could be subject to result in reputational damage, to our reputation, class action lawsuits, regulatory investigations, legal costs and settlement costs, penalties, charges and payments, civil and criminal liability, increased cost of regulatory compliance, losing loss of our ability to offer or accept credit and debit card payments from our customers, restatements of our financial statements, disruption of our business, loss of customers and loss of customers. New customer trust. Changes to existing and emerging new privacy and data protection laws may increase compliance expenses and limit business opportunities and strategic initiatives, including customer engagement. Any required changes to our employment practices could result in the loss of employees, reduced sales, increased employment costs, low employee morale and harm to our business and results of operations. In addition, political and economic factors could lead to unfavorable changes in federal, state and foreign tax laws, which may affect our tax assets or liabilities and adversely affect our results of operations. We are also regularly involved in various litigation matters that arise in the ordinary course of business. Litigation or regulatory developments could adversely affect our business and financial condition.

Compliance with Section 404 of the Sarbanes-Oxley Act of 2002 requires management assessments of the effectiveness of our internal controls over financial reporting through documenting, testing, monitoring and enhancement of internal control over financial reporting. If we fail to implement or maintain adequate internal controls, we may not produce reliable financial reports or fail to prevent or detect financial fraud, which may adversely affect our financial position, investor confidence or our stock price.

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Changes to accounting rules and regulations could affect our financial results or financial condition.

Accounting principles and related pronouncements, implementation guidelines and interpretations with regard to a wide variety of accounting matters that are relevant to our business, including, but not limited to, revenue recognition, inventory valuation, long-lived asset recoverability, and income taxes and contingent liabilities, including assumptions related to our Canada wind-down, are highly complex and involve subjective assumptions, estimates and judgments. Changes in these rules and regulations, changes in our interpretation or our misapplication of the rules or regulations, changes in accounting policies or changes in underlying assumptions, estimates or judgments could adversely affect our financial performance or financial position.

If Nordstrom Canada is unable to make a fair and orderly wind-down of its business operations, or if our existing reserves are not adequate to cover our ultimate liability, our financial condition and results of operations could be adversely affected.

On March 2, 2023, we announced the decision to discontinue support for Nordstrom Canada's operations. Accordingly, Nordstrom Canada has commenced a wind-down of its business operations, obtaining an Initial Order from the Ontario Superior Court of Justice under the CCAA on March 2, 2023 to facilitate the wind-down in an orderly fashion. Nordstrom Canada intends to wind wound down its Nordstrom and Nordstrom Rack stores across Canada, with the help of a third-party liquidator, and its Canadian ecommerce e-commerce platform. The ecommerce e-commerce platform ceased operations on March 2, 2023. The and the in-store wind-down is anticipated to be was completed by late in June 2023. We expect to incur As described in Note 2: Canada Wind-down in Item 8, we have incurred \$284 in pre-tax charges of approximately \$300 to \$350 related to associated with the wind-down of operations in Canada for the first quarter of 2023, driven primarily by the write-down of our investment in Nordstrom Canada. Given the early stage of the exit activities, our estimates of losses are based on currently available information and our assessment of the validity of certain claims. These estimates may change as new information becomes available. year ended February 3, 2024. Our reserves relating to these matters may not be adequate to cover our ultimate liability and amounts beyond our reserves could have a material adverse effect on our financial condition and results of operations. In addition, or we may suffer other losses for which we have not established reserves, although we believe that possibility is not probable. If Nordstrom Canada is unable to effectively and efficiently execute finalize the wind-down of business operations, or we may incur additional costs, and cash outflows.

COVID-19 RISKS

The COVID-19 global pandemic may continue to have an there could be a material adverse effect on the conclusion of the CCAA filing or our business financial condition and results of operations.

The COVID-19 pandemic continues to have unpredictable impacts on workforces, customers, consumer sentiment, economies, financial markets and business practices. The direct effects of COVID-19 and associated consumer and governmental responses have had, and may continue to have, a material adverse

impact on global economic conditions and our business, results of operations and financial condition.

STRATEGIC AND OPERATIONAL

We, as well as our vendors and third-party service providers, may continue to experience operational effects due to supply chain disruptions, labor shortages, social distancing restrictions and the need to adapt to ever-changing government-imposed restrictions, regulatory requirements, operating procedures and protocols. We are unable to accurately predict the full impact COVID-19 will have on our longer-term operations, particularly with respect to our current mix of merchandise offerings, shifts in product and channel preferences, store traffic and digital demand trends, employment relations and corporate culture.

Nordstrom, Inc. and subsidiaries¹⁹

In addition, the operations, supply chain and financial condition of many of our vendors may continue to be affected by COVID-19, including difficulty sourcing products and labor or obtaining the financing necessary to manufacture the products they sell to us. As a result, any business disruption may impact our ability to timely acquire the products we sell to our customers. To the extent our vendors may be unable to produce, sell or ship products to us or our customers, our business may be negatively impacted.

ECONOMIC AND EXTERNAL

We may be negatively impacted by any deterioration in economic conditions caused by a resurgence of COVID-19 and the impact of that deterioration on discretionary consumer spending and changes in consumer behavior. We are unable to accurately predict the full impact that COVID-19 will have on the global economy and on our employees, vendors, suppliers and customers going forward due to uncertainties, including the currently unknowable duration and spread of COVID-19, actions taken to limit the spread, the public's willingness to comply with such actions and the impact of any governmental regulations imposed in response to the pandemic.

To the extent the COVID-19 pandemic and its associated economic challenges adversely affects our business and financial results, it may also have the effect of heightening many of the other risks previously described.

Item 1B. Unresolved Staff Comments.

None.

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Item 1C. Cybersecurity.

Nordstrom understands that establishing, executing and sustaining effective cybersecurity measures to secure our information systems and preserve the confidentiality, integrity and availability of our data is critical to the success of the business.

Management of Material Risks and Integrated Overall Risk Management

Our comprehensive risk management framework is intended to strategically incorporate cybersecurity risk management across the company, with the objective of ensuring that cybersecurity considerations underpin the decision-making processes at all organizational levels. Our risk management team collaborates closely across various Enterprise-wide business units to continually assess and address identified cybersecurity risks in alignment with business objectives. The CISO regularly updates the CTIO, Chief Financial Officer and Chief Executive Officer on material cybersecurity risks and events.

Engagement with Third Parties on Management of Cybersecurity Risk

Recognizing the dynamic nature of cybersecurity threats, Nordstrom collaborates with external experts, including assessors, consultants and examiners, to evaluate and test our cybersecurity risk preparedness. Regular exams, threat assessments and consultation on security enhancements with these third parties ensure that our cybersecurity strategies align with industry best practices.

Oversight of Third-party Risk

In the course of our business, we regularly exchange data and information with certain third parties in various ways, exposing us to risk related to the cybersecurity posture of and information management practices of those third parties. To try to mitigate this risk, we have implemented processes that may, depending upon the nature of the relationship with the third party, require security assessments and data integration design reviews prior to allowing our systems to connect with theirs. In addition, we seek to require these third parties to adhere to pre-established cybersecurity standards. Where applicable, we try to obtain contractual commitments with those third parties to ensure these security requirements are met.

Risks from Cybersecurity Threats

Nordstrom has not experienced any cybersecurity incident that has materially impacted, or that is reasonably likely to materially impact, our operations, financial condition and cash flows.

Cybersecurity Risk Management Personnel

Primary responsibility for assessing, monitoring, mitigating and managing our cybersecurity risks rests with our information security organization, led by our CISO and supported by our CTIO. The CISO, who has over 20 years of cybersecurity and technology expertise, supports a skilled information security organization that brings expertise in vulnerability management, incident response, penetration testing, regulatory compliance and other critical information security domains. Our information security team maintains certifications from recognized external security authorities such as ISC2, CompTIA, ISACA, GIAC, SANS, PCI and OffSec. The security program is assessed annually by a reputable third party to provide guidance for continuous improvement.

Monitoring and Responding to Cybersecurity Incidents

The security organization stays informed about the latest developments in cybersecurity, implements processes for regular monitoring of information systems and deploys relevant security measures. In the event of a cybersecurity incident, a formal incident response plan is in place for immediate actions and long-term strategies.

Board of Directors Oversight

The Board of Directors has oversight responsibilities regarding cybersecurity risk. At regularly scheduled meetings (at least quarterly), in addition to such additional interactions as may be necessary in specific circumstances, our Chief Executive Officer, CTIO and CISO update the Board on emerging cybersecurity risks and developments impacting Nordstrom.

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Item 2. Properties.

(Square footage amounts in thousands)

The following table summarizes the Supply Chain Network and retail locations we own or lease and the total square footage by category as of January 28, 2023 February 3, 2024:

		Number of locations			Total
		Supply Chain Network	Nordstrom	Rack	square footage
Leased buildings on leased land	Leased buildings on leased land	2	34	242	14,837
	Owned buildings on leased land	—	55	—	10,062
	Owned buildings on owned land	8	24	1	8,250
	Partly owned and partly leased	—	2	—	544
	Total	10	115	243	33,693
		Nordstrom			Total square footage
		Nordstrom Rack			

The following table summarizes our Supply Chain Network and retail store count and square footage activity:

Fiscal year	Count		Square footage	
	2022	2021	2022	2021
Total, beginning of year	367	369	33,982	34,080
Openings:				
Nordstrom	1	—	—	—

Nordstrom Rack	2	1	55	29
Closures:	(2)	(3)	(344)	(127)
Total, end of year	368	367	33,693	33,982

† Square footage includes adjustments due to relocations, remodels or changes in lease-term square footage.

	Count		Square footage	
Fiscal year	2023	2022	2023	2022
Total, beginning of year	368	367	33,693	33,982
Openings:				
Nordstrom	—	1	—	—
Nordstrom Rack	19	2	531	55
Relocations, remodels or changes	—	—	(8)	—
Closures	(18)	(2)	(1,835)	(344)
Total, end of year	369	368	32,381	33,693

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The following table lists our Supply Chain Network and retail store count and square footage by state/province state as of January 28, 2023 February 3, 2024:

Supply Chain Network		Supply Chain Network		Nordstrom		Nordstrom Rack		Total	
		Count	Square Footage	Count	Square Footage	Count	Square Footage	Count	Square Footage
		Supply Chain Network		Nordstrom		Nordstrom Rack		Total	
		Square Count	Square Footage	Square Count	Square Footage	Square Count	Square Footage	Square Count	Square Footage
U.S.									
Alabama									
Alabama									
Alabama	Alabama	—	—	—	—	1	35	1	35
Alaska	Alaska	—	—	—	—	1	35	1	35
Arizona	Arizona	—	—	1	235	10	337	11	572
California	California	4	2,571	29	4,051	55	2,009	88	8,631
Colorado	Colorado	—	—	2	387	7	239	9	626
Connecticut	Connecticut	—	—	2	341	1	36	3	377
Delaware	Delaware	—	—	1	127	1	32	2	159
Florida	Florida	1	221	6	1,031	16	534	23	1,786
Georgia	Georgia	—	—	2	383	4	154	6	537
Hawaii	Hawaii	—	—	1	195	2	78	3	273
Idaho	Idaho	—	—	—	—	1	37	1	37
Illinois	Illinois	—	—	4	947	16	594	20	1,541
Indiana	Indiana	—	—	1	134	2	60	3	194
Iowa	Iowa	2	1,529	—	—	1	35	3	1,564
Kansas	Kansas	—	—	1	219	1	35	2	254
Kentucky	Kentucky	—	—	—	—	1	33	1	33
Louisiana	Louisiana	—	—	—	—	3	90	3	90
Maine	Maine	—	—	—	—	1	30	1	30
Maryland	Maryland	1	451	3	603	6	219	10	1,273
Massachusetts	Massachusetts	—	—	4	595	7	266	11	861
Michigan	Michigan	—	—	2	430	5	178	7	608

Minnesota	Minnesota	—	—	2	380	4	134	6	514
Missouri	Missouri	—	—	2	342	2	69	4	411
Nevada	Nevada	—	—	1	207	3	101	4	308
New Jersey	New Jersey	—	—	4	817	8	284	12	1,101
New Mexico	New Mexico	—	—	—	—	1	34	1	34
New York	New York	—	—	5	838	11	394	16	1,232
North Carolina	North Carolina	—	—	2	300	2	74	4	374
Ohio	Ohio	—	—	3	549	6	224	9	773
Oklahoma	Oklahoma	—	—	—	—	2	67	2	67
Oregon	Oregon	1	374	2	363	6	218	9	955
Pennsylvania	Pennsylvania	1	976	2	381	7	240	10	1,597
Rhode Island	Rhode Island	—	—	—	—	1	38	1	38
South Carolina	South Carolina	—	—	—	—	3	101	3	101
Tennessee	Tennessee	—	—	1	145	2	69	3	214
Texas	Texas	—	—	8	1,413	18	613	26	2,026
Utah	Utah	—	—	2	277	4	130	6	407
Virginia	Virginia	—	—	2	452	7	268	9	720
Washington	Washington	—	—	6	1,270	10	383	16	1,653
Washington D.C.	Washington D.C.	—	—	—	—	2	66	2	66
Wisconsin	Wisconsin	—	—	1	150	2	67	3	217
Canada									
Alberta		—	—	3	208	—	—	3	208
British Columbia		—	—	2	262	—	—	2	262
Ontario		—	—	8	899	—	—	8	899
Total	Total	10	6,122	115	18,931	243	8,640	368	33,693

Our headquarters are located in Seattle, Washington, where our offices consist of both leased and owned space. On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations (see Note 15: Subsequent Events 2: Canada Wind-down in Item 8 for more information).

As of March 10, 2023 March 19, 2024, we have announced 18 22 Nordstrom Rack store openings and one in 2024, four Nordstrom Rack store relocation openings in 2023 2025 and one Nordstrom Rack store opening fulfillment center closure in 2024.

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Item 3. 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 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. Nordstrom Canada entities obtained an Initial Order from operations pursuant to a CCAA proceeding overseen by the Ontario Superior Court of Justice under the CCAA to facilitate the wind-down in an orderly fashion. Justice. See Note 15: Subsequent Events 2: Canada Wind-down in Item 8 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 4. Mine Safety Disclosures.

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.

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

MARKET AND SHAREHOLDER INFORMATION

Our common stock, without par value, is traded on the NYSE under the symbol "JWN." The approximate number of record holders of common stock as of March 6, 2023 March 11, 2024 was 4,532, 4,435. On this date, we had 160,151,038 163,258,218 shares of common stock outstanding.

DIVIDENDS

The following table summarizes our historical dividends declared and paid per share:

Fiscal year	2022	2021
1st Quarter	\$0.19	\$—
2nd Quarter	0.19	—
3rd Quarter	0.19	—
4th Quarter	0.19	—
Full Year	\$0.76	\$—

On March 23, 2020, in response to uncertainty from the COVID-19 pandemic, we announced the suspension of our quarterly dividend payments beginning in the second quarter of 2020. Payments were reinstated in the first quarter of 2022.

Fiscal year	2023	2022
1st Quarter	\$0.19	\$0.19
2nd Quarter	0.19	0.19
3rd Quarter	0.19	0.19
4th Quarter	0.19	0.19
Full Year	\$0.76	\$0.76

Any future determination to pay cash dividends and the amount of dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, operating results, capital requirements, contractual commitments and such other factors as the Board of Directors deems relevant (see Note 10; 11: Shareholders' Equity in Item 8).

SHARE REPURCHASES

The following is a summary We repurchased no shares of our common stock during the fourth quarter of 2023 and we had \$438 remaining in share repurchases:

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
November 2022 (October 30, 2022 to November 26, 2022)	0.01	\$21.76	0.01	\$447
December 2022 (November 27, 2022 to December 31, 2022)	0.3	\$17.80	0.3	\$442
January 2023 (January 1, 2023 to January 28, 2023)	0.2	\$17.35	0.2	\$438
Total	0.5	\$17.72	0.5	

repurchase capacity as of February 3, 2024.

See Note 10; 11: Shareholders' Equity in Item 8 for more information about our August 2018 and May 2022 share repurchase programs. The actual timing, price, manner and amounts of future share repurchases, if any, will be subject to the discretion of the Board of Directors, contractual commitments, market and economic conditions and applicable SEC rules.

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STOCK PRICE PERFORMANCE

The following graph compares the cumulative total return of Nordstrom common stock, Standard & Poor's Retail Index ("S&P Retail"), Standard & Poor's 500 Index ("S&P 500") and Nordstrom's peer group for each of the last five fiscal years ended January 28, 2023 February 3, 2024. The S&P Retail Index is composed of 21 17 retail companies representing an industry group of the S&P 500. Our peer group is consistent with the retail peer group that we include in the Compensation Discussion and Analysis section of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders and is weighted by the market capitalization of each component. The following graph assumes an initial investment of \$100 each in Nordstrom common stock, S&P Retail, S&P 500 and Nordstrom's peer group on February 3, 2018 February 2, 2019 and assumes reinvestment of dividends.

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End of fiscal year:	End of fiscal year:	2017	2018	2019	2020	2021	2022	End of fiscal year:	2018	2019	2020	2021	2022	2023
Nordstrom common stock	Nordstrom common stock	\$100	\$97	\$83	\$81	\$50	\$44	Nordstrom common stock	\$100	\$85	\$83	\$51	\$45	\$46
S&P Retail	S&P Retail	\$100	\$108	\$129	\$183	\$189	\$152	S&P Retail	\$100	\$121	\$171	\$181	\$150	\$210
S&P 500	S&P 500	\$100	\$100	\$121	\$141	\$168	\$154	S&P 500	\$100	\$122	\$142	\$172	\$161	\$199
Nordstrom's peer group	Nordstrom's peer group	\$100	\$116	\$121	\$136	\$146	\$154	Nordstrom's peer group	\$100	\$105	\$118	\$127	\$136	\$151

1: Dollar amounts are in ones.

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Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions, except per share amounts and where noted otherwise) 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 8: Financial Statements and Supplementary Data and generally discusses the results of operations for fiscal year 2022 2023 compared with 2021, 2022. For our comparison and discussion of 2021 2022 and 2020, 2021, see Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of our 2022 2021 Annual Report. For our discussion of market risk information for 2021, 2022, see Item 7A: Quantitative and Qualitative Disclosures About Market Risk in Part II of our 2022 2021 Annual Report. The following discussion and analysis contains forward-looking statements and should also be read in conjunction with Item 1A: Risk Factors in Part I, as well as other cautionary statements and risks described elsewhere in this 2022 2023 Annual Report, before deciding to purchase, hold or sell shares of our common stock.

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OVERVIEW

In 2022, 2023, we delivered a 5% increase in total Company reported net earnings of \$134, or 0.9% of net sales, despite challenging macroeconomic conditions. For the year, net earnings were \$245 and \$1.51 \$0.82 per diluted share. Excluding a gain on share and EBIT of \$251, or 1.8% of net sales. Adjusted EBIT1 was \$567, or 4.0% of net sales, and Adjusted EPS1 was \$2.12, which exclude the sale impacts of our interest in a corporate office building, Trunk Club charges related to the wind-down costs of Canadian operations and a supply chain technology asset impairment and related asset impairment charge, adjusted EBIT was \$502 charge.1

Total company net sales decreased 5.8%, Adjusted EBIT margin was 3.3%1 and adjusted EPS was \$1.691. Customer demand decelerated beginning in late June and this trend continued through the holiday season, and while these pressures impacted all customer segments, they were more pronounced in customers compared with lower income profiles. We took action to navigate the macroeconomic uncertainty and position our business for success, 2022. This included managing expenses a negative 245 basis point impact from the wind-down of Canadian operations and a positive impact of approximately \$190, or 130 basis points, from the 53rd week. We saw sequential improvement in topline trends across both banners throughout the year.

We continued to align manage with sales expectations, optimizing product mix leaner inventories and clearing through excess inventory. While this strategy required more markdowns than we had initially planned in 2022, we exited the year 2023 with overall ending inventory levels down 15% 3% lower than the fourth quarter of 2022 and are positioned for greater agility amidst continuing macroeconomic uncertainty. a positive sales-to-inventory spread. This lower level of inventory required fewer markdowns and helped drive 95 basis points of expansion in our gross profit as a rate of sales, compared with 2022.

While we navigate this ever-shifting landscape, we We remain committed to delivering profitable growth while improving the customer experience. Our results reflect our long-term strategic focus throughout 2023 on our three priorities: improve Nordstrom Rack performance, increase inventory productivity and financial goals. optimize our supply chain. We

also will continue to build on the progress we made in 2023 as we focus our efforts on three refreshed key priorities in 2024: driving Nordstrom banner growth, optimizing operationally and building capabilities on momentum at the Rack.

Driving Nordstrom banner growth – Our first priority is to better serve customers and deliver increased profitability, drive growth at our Nordstrom banner, with a focus on digital-led growth supported by our stores. In 2024, we plan to launch our digital marketplace on Nordstrom.com, which will allow us to grow our curated online assortment to serve more customers on even more occasions through increasing our use of unowned inventory. Marketplace will allow our customers to shop more products and sizes from their favorite brands, while providing them more access to new and emerging brands. Expanding our assortment through unowned inventory has the potential to drive GMV growth in addition to providing compelling economics.

We will also focus on driving growth at our Nordstrom banner through increasing customer engagement and improving retention. We will do this through amplifying the brands that matter most to our customers and ensuring we have consistent depth in these brands across our stores and online, with our Beauty division playing a prominent role.

Optimizing operationally – We made significant progress on our supply chain initiatives in 2023, which drove improvements in customer experience and profitability. We delivered a better experience to our customers through faster delivery, lower cancellation rates and increased accuracy of inventory, while also driving cost savings. In the fourth quarter of 2023, our team delivered the sixth consecutive quarter of 50-plus basis points of improvement in variable supply chain expense savings, while at the same time improving our click-to-delivery speed.

We plan to build upon these successes in 2024, with the end goal of enhancing the customer experience through faster delivery, and improving our cost position by maximizing our inventory value throughout its lifecycle. We are making investments in systems and technology enablers to standardize and streamline our inventory processes, expanding the scale of our RFID utilization and improving the inventory movement within our business.

Building on momentum at Nordstrom Rack performance, winning – In 2023, we opened 19 new stores and our intent is to open 22 new stores in 2024. We believe new Rack stores are a great investment, with returns that exceed our most important markets cost of capital and leveraging have a short payback period. Expanding our network of stores also brings our omni-channel services closer to the customer, giving them more reasons and opportunities to engage with us.

Our priority for 2024 is to continue building on our momentum from 2023 and deliver topline Rack growth, led by stores and supported by enhanced digital capabilities. We have a loyal customer base and acquired approximately 10 million new aim to deliver great brands at great prices for our customers and 2.5 million new Nordy Club members in 2022. In 2023, we will build on these successes through three priorities: improving at Nordstrom Rack, performance, increasing and we continue to improve by growing the most desirable brands offered, driving greater engagement and profitability at NordstromRack.com and expanding our inventory productivity reach and optimizing our supply chain, convenience with new Rack stores in key markets.

Nordstrom Rack – We are proud of the efforts that we undertook in 2023, as well as the outcomes that enhanced the customer experience and drove improved financial results. We are committed to delivering profitable growth while improving the customer experience, through three key initiatives.

First is our and we expect 2024 to be a year of continued focus on increasing our supply of premium brands at Nordstrom Rack. We cleared out older momentum toward the long-term strength and unproductive inventory in the fourth quarter, which gives us greater flexibility to improve our merchandise assortment as we enter 2023. We are prioritizing 100 nationally recognized strategic brands that help us drive sales and grow market share. We are dedicated to having great brands at great prices at each durability of our locations, and these brands are a differentiator for the Rack as many are not widely available in the off-price space. These brands accounted for half of Rack sales in 2022 and they make up 60% of our on-order for the first half of 2023. By increasing our inventory turnover at the Rack, we can increase the flow of these great brands, give customers newness each time they visit and increase customer engagement.

Second is expanding our reach and convenience for customers through opening new Rack stores. Rack stores are our largest source of new customer acquisition and we have an opportunity to attract more customers and drive profitable growth through a proven model. We opened two new Rack stores in 2022 and have announced plans to open 20 more.

Finally, we aim to drive greater engagement and higher profitability at NordstromRack.com. Our digital capabilities are unique in the off-price space, and we see opportunities to leverage our digital assets to increase engagement with Rack customers. We also continue to optimize our operational model to drive improved profitability. In the third quarter of 2022, we reduced Rack store-based order fulfillment and raised the minimum order amount to receive free ship-to-store delivery on NordstromRack.com. These actions reduced order cancellations, simplified Rack operations and improved profitability, but negatively impacted topline growth at the Rack.

Inventory Productivity – Better inventory discipline across our operations provides customers with relevant and new assortments from the world's best brands. Supply chain disruptions and volatility over the past three years had a significant impact on our inventory management and outcomes. As supply chains have stabilized, we have a significant opportunity to improve our earnings and returns on invested capital through increased productivity from our merchandise inventory, which is our largest annual investment.

Supply Chain Optimization – We made significant progress on our supply chain initiatives in 2022, which drove improvement in the customer experience and profitability despite ongoing cost pressures. We made progress on optimizing unit flow, improved productivity in our distribution and fulfillment centers and increased delivery speed. In 2023, we expect to see further benefits from these and additional supply chain optimization actions.

Although there is continued macroeconomic uncertainty heading into 2023, our priorities, along with the capabilities we have built with our Closer to You strategy and digital assets, prepare us to manage short-term pressures. With our strong balance sheet and cash position, we also have the flexibility to respond to shifting demand. We are navigating short-term headwinds, while also continuing to build capabilities to better serve our customers, drive profitable growth and increase shareholder value, business.

¹ Adjusted EBIT Adjusted EBIT margin and Adjusted EPS are non-GAAP financial measures. For a reconciliation between GAAP and non-GAAP financial measures, see Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT margin and Adjusted EPS (Non-GAAP financial measures) below.

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 Company basis, using customer, market share, operational and net sales metrics.

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. References to 2023 relate to the 53-week fiscal year ending February 3, 2024. References to any other years included within this document are based on a 52-week fiscal year.

We monitor a number of key operating metrics to evaluate our Company's performance. In addition to net sales, net earnings (loss) and other results under GAAP, two other key operating metrics we use are GMV and inventory turnover rate. Beginning in the first quarter of 2023, we made changes to how we calculate these metrics to more closely align with how our business is operated. Changes in the methodologies are discussed below and prior periods have been adjusted to reflect a comparable presentation.

- GMV: calculated as the total dollar value of items merchandise sold through our digital platforms and stores. GMV includes net merchandise sales from inventory we own, as well as the retail value of merchandise sold under our unowned inventory models with our vendors. We use GMV as an indicator of the scale and growth of our operations and the impact of our unowned inventory models. Prior to the first quarter of 2023, we also included non-merchandise sales in our GMV calculation.
- Inventory Turnover Rate: calculated as the trailing 4-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. Prior to the first quarter of 2023, we calculated inventory turnover rate as the trailing 4-quarter cost of sales and related buying and occupancy costs divided by the trailing 4-quarter average inventory. Inventory turnover rate is an indicator of our success in optimizing inventory volumes in accordance with customer demand.

Net Sales

The following table summarizes net sales:

Fiscal year	Fiscal year	2022	2021		
Net sales:					
Nordstrom					
Nordstrom					
Nordstrom	Nordstrom	\$10,279	\$9,640		
Nordstrom	Nordstrom				
Rack	Rack	4,813	4,762		
Total net sales	Total net sales	\$15,092	\$14,402		
Net sales increase:					
Net sales (decrease) increase:					
Net sales (decrease) increase:					
Net sales (decrease) increase:					
Nordstrom					
Nordstrom					
Nordstrom	Nordstrom	6.6 %	37.8 %	(8.2 %)	6.6 %
Nordstrom	Nordstrom				
Rack	Rack	1.1 %	41.7 %	(0.6 %)	1.1 %
Total	Total				
Company	Company	4.8 %	39.1 %	(5.8 %)	4.8 %
Company	Company				
Digital sales:					
Digital sales:					
Digital sales:					
Digital sales as a % of total net sales	Digital sales as a % of total net sales	38 %	42 %		
Digital sales (decrease) increase		(6 %)	7 %		

Digital sales as a %			
of total net sales			
Digital sales as a %			
of total net sales			
		36 %	38 %
Digital sales			
decrease			
Digital sales decrease		(10 %)	(6 %)
Nordstrom GMV			
increase			
	6.9 %	39.6 %	
Total Company GMV			
increase			
	5.0 %	40.3 %	
GMV (decrease)			
increase:			
GMV (decrease)			
increase:			
GMV (decrease)			
increase:			
Nordstrom			
Nordstrom			
		(8.5 %)	6.5 %
Total			
Company		Total Company	
		(6.1 %)	4.6 %

Total Company net sales and GMV increased decreased for the full fiscal year compared with 2021. Our Anniversary Sale event increased 5.0% while holiday 2022. The wind-down of our Canadian operations as of March 2, 2023 had a negative impact on net sales in fiscal November and December, decreased 3.5%, when of 245 basis points compared with 2022 (see Note 2: Canada Wind-down in Item 8). This was partially offset by an approximately 130 basis point positive impact and approximately \$190 in additional net sales related to the same periods in 2021. The top-performing merchandise 53rd week. For the full fiscal year, active and beauty were the strongest categories were Men's Apparel, Shoes and Women's Apparel, compared with 2021. During 2022.

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Nordstrom net sales and GMV decreased compared with 2022, which reflected a decrease in the year, we opened two and closed one number of items sold, partially offset by an increase in the average selling price per item sold. The wind-down of Canadian operations had a negative impact on Nordstrom banner net sales of 360 basis points, partially offset by a 120 basis point positive impact from the 53rd week, compared with 2022.

Nordstrom Rack stores and opened one ASOS | Nordstrom store.

Digital net sales decreased compared with 2021, 2022, which reflected a decrease in the number of items sold, partially offset by an increase in the average selling price per item sold. Eliminating store-based order store fulfillment for Nordstrom Rack digital orders during the third quarter of 2022 negatively impacted Nordstrom Rack sales by approximately 300 basis points for the full fiscal year compared with 2022. This was partially offset by an approximately 150 basis point positive impact related to the 53rd week.

Digital sales decreased compared with 2022. Eliminating store fulfillment for Nordstrom Rack digital orders during the third quarter of 2022 and sunsetting Trunk Club earlier in fiscal the second quarter of 2022 negatively impacted digital sales by approximately 300 350 basis points.

Nordstrom net sales and GMV increased points for the full fiscal year compared with 2021, which reflected an increase in 2022.

During the average selling price per item sold, partially offset by a decrease in the number of items sold.

year, we opened 19 Nordstrom Rack net sales increased compared with 2021, which reflected an increase stores and relocated one Nordstrom Rack store. We closed one Nordstrom store, one Nordstrom Local service hub, one ASOS | Nordstrom store and two Nordstrom Rack stores. In addition, we deconsolidated six Nordstrom and seven Nordstrom Rack stores in the average selling price per item sold, partially offset by a decrease Canada as of March 2, 2023 (see Note 2: Canada Wind-down in the number of items sold. Item 8).

See Note 2: 3: Revenue in Item 8 for information about disaggregated revenues.

Credit Card Revenues, Net

Credit card revenues, net increased \$51 \$36 compared with 2021, primarily as a result of higher 2022, due to increased finance charges due to larger from higher rates and outstanding balances. balances, and revenue recognized in connection with our 2022 TD program agreement amendment. The increase was partially offset by increased credit losses.

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2023 2024 Total Revenue Outlook

In fiscal 2023, which includes a 53rd week, 2024, we expect a total revenue range, including retail sales and credit card revenues, of 2% decline to decline 4% to 6% 1% growth compared with the 53-week fiscal 2022. Our outlook 2023, which includes an approximately 250 135 basis points of negative impact from the wind-down of business operations in Canada (see Note 15: Subsequent Events in Item 8 for more information) and approximately 130 basis points of positive point unfavorable impact from the 53rd week.

Gross Profit

The following table summarizes gross profit:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Gross profit			
Gross profit			
Gross profit	Gross profit	\$5,073	\$5,058
Gross profit as a % of net sales	Gross profit as a % of net sales	33.6 %	35.1 %
Gross profit as a % of net sales			
Gross profit as a % of net sales			
Inventory turnover rate	Inventory turnover rate	4.20	4.18
Inventory turnover rate			
Inventory turnover rate			

Gross profit increased \$15, decreased \$157, compared with 2021, 2022, primarily due to higher lower sales, partially offset by higher markdowns, lower markdowns and lower buying and occupancy costs. Gross profit decreased 150 increased 95 basis points as a rate of net sales, compared with 2021, primarily 2022, due to higher markdown rates, especially in the second half of the year as we prioritized rightsizing inventory levels, lower markdowns and lower buying and occupancy costs, partially offset by deleverage on lower sales.

Ending inventory as of January 28, 2023 February 3, 2024 decreased 15% 3%, compared with January 29, 2022 January 28, 2023, versus a 4% decrease 2% increase in sales in the fourth quarter of 2022, 2023, compared with 2021, 2022. The decrease in inventory levels compared with 2021 2022 is a result of our focus on rightsizing continued strong inventory levels in a highly promotional environment in the fourth quarter of 2022, discipline.

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Selling, General and Administrative Expenses

SG&A is summarized in the following table:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
SG&A expenses			
SG&A expenses			
SG&A expenses	SG&A expenses	\$5,046	\$4,953
SG&A expenses as a % of net sales	SG&A expenses as a % of net sales	33.4 %	34.4 %
SG&A expenses as a % of net sales			
SG&A expenses as a % of net sales			

SG&A increased \$93 decreased \$191 in 2022, 2023, compared with 2021, 2022, primarily due to lower variable expenses associated with higher costs, driven by lower sales and supply chain efficiency initiatives, partially offset by higher labor costs and a \$32 supply chain asset impairment and related charge. In 2022, SG&A included a supply chain technology and related asset impairment charge of \$70 partially offset by supply chain expense efficiencies (see Note 1: Nature and a \$51 gain on sale of Operations and Summary of Significant Accounting Policies our interest in Item 8). As a result of the supply chain expense efficiencies, corporate office building, SG&A decreased 95 increased 70 basis points as a rate of net sales compared with 2021, 2022, primarily due to deleverage on lower sales and higher labor costs, partially offset by supply chain efficiencies.

Canada Wind-down Costs

We recognized charges associated with the wind-down of Nordstrom Canada of \$284 in the year ended February 3, 2024 (see Note 2: Canada Wind-down in Item 8).

Earnings Before Interest and Income Taxes

EBIT is summarized in the following table:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
EBIT			
EBIT			
EBIT	EBIT	\$465	\$492
EBIT as a % of net sales	EBIT as a % of net sales	3.1 %	3.4 %
EBIT as a % of net sales			
EBIT as a % of net sales			

EBIT decreased \$27 \$214 and 35 130 basis points as a rate of net sales in 2022, 2023, compared with 2021, 2022, primarily due to higher markdowns \$284 of expenses associated with the wind-down of Canadian operations, a \$32 supply chain asset impairment and related charge and lower sales, partially offset by an improved gross profit rate and supply chain efficiency initiatives. In 2022, EBIT included a supply chain technology and related asset impairment charge partially offset by supply chain expense efficiencies of \$70, a \$51 gain on sale of our interest in a corporate office building, and higher sales. an \$18 impairment charge related to costs associated with the wind-down of Trunk Club.

Interest Expense, Net

Interest expense, net is summarized in the following table:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Interest on long-term debt and short-term borrowings	Interest on long-term debt and short-term borrowings	\$150	\$258
Less:			
Interest on long-term debt and short-term borrowings			
Interest on long-term debt and short-term borrowings			
Interest income			
Interest income			
Interest income	Interest income	(10)	(1)
Capitalized interest	Capitalized interest	(12)	(11)
Capitalized interest			
Capitalized interest			
Interest expense, net	Interest expense, net	\$128	\$246
Interest expense, net			
Interest expense, net			

Interest expense, net decreased \$118 \$24 in 2022 2023 compared with 2021, 2022, primarily due to debt refinancing charges of \$88 related to the redemption of the Secured Notes in 2021, the redemption of the 4% senior notes in 2021 and an increase in interest income. income from higher prevailing rates.

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Income Tax Expense

Income tax expense is summarized in the following table:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Income tax expense			
Income tax expense			
Income tax expense	Income tax expense	\$92	\$68
Effective tax rate	Effective tax rate	27.2 %	27.5 %
Effective tax rate			
Effective tax rate			

The following table illustrates the components of our effective tax rate:

Fiscal year	Fiscal year	2022	2021	Fiscal year	2023	2022
Statutory rate	Statutory rate	21.0 %	21.0 %	Statutory rate	21.0 %	21.0 %
CARES Act impact		—	(0.9 %)			
State and local income taxes, net of federal income taxes	State and local income taxes, net of federal income taxes	5.9 %	3.4 %	State and local income taxes, net of federal income taxes	4.0 %	5.9 %
Federal credits	Federal credits	(3.8 %)	(4.0 %)	Federal credits	(4.7 %)	(3.8 %)
Non-deductible expenses	Non-deductible expenses	1.2 %	2.7 %	Non-deductible expenses	2.9 %	1.2 %
Stock-based compensation	Stock-based compensation	1.8 %	2.0 %	Stock-based compensation	5.1 %	1.8 %
Valuation allowance	Valuation allowance	0.4 %	1.8 %	Valuation allowance	6.6 %	0.4 %
Taxes on foreign operations	Taxes on foreign operations	1.6 %	1.3 %	Taxes on foreign operations	1.5 %	1.6 %
Excess tax over book loss on Canada wind-down						
Resolution of prior period tax matters						
Other, net	Other, net	(0.9 %)	0.2 %	Other, net	1.6 %	(0.9 %)
Effective tax rate	Effective tax rate	27.2 %	27.5 %	Effective tax rate	8.6 %	27.2 %

The decrease in the effective tax rate for 2022 2023, compared with 2021, 2022, was primarily due to reductions in non-deductible executive additional tax benefits related to the wind-down of Canadian operations and the favorable resolution of certain tax matters, partially offset by increases from additional tax expense for stock-based compensation and valuation allowance on foreign losses, partially offset by unfavorable state provision-to-return differences compared with favorable differences in 2021, increases for Canadian deferred tax assets prior to deconsolidation.

Earnings Per Share

EPS is as follows:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Basic			
Basic			
Basic	Basic	\$1.53	\$1.12
Diluted	Diluted	\$1.51	\$1.10
Diluted			
Diluted			

Diluted EPS increased \$0.41 decreased \$0.69 in 2022 2023 compared with 2021, 2022, primarily due to higher a net earnings as unfavorable impact of \$1.30 per diluted share related to the wind-down of Canadian operations and a result of supply chain asset impairment and related charge in 2023 and lower interest expense, sales, partially offset by lower EBIT. In the first quarter of 2021, we recorded an interest expense charge of \$88 related to the redemption of the Secured Notes. improved gross profit rate and supply chain efficiency initiatives.

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:

Fiscal year	Fiscal year	2022	2021	Fiscal year	2023	2022
Net earnings	Net earnings	\$245	\$178			
Income tax expense	Income tax expense	92	68			
Interest expense, net	Interest expense, net	128	246			
Earnings before interest and income taxes	Earnings before interest and income taxes	465	492			
Supply chain impairment		70	—			
Supply chain asset impairment and related charges						
Canada wind-down costs						
Trunk Club wind-down costs	Trunk Club wind-down costs	18	—			
Gain on sale of interest in a corporate office building	Gain on sale of interest in a corporate office building	(51)	—			
Adjusted EBIT	Adjusted EBIT	502	492			
Depreciation and amortization expenses	Depreciation and amortization expenses	604	615			
Amortization of developer reimbursements	Amortization of developer reimbursements	(72)	(78)			
Adjusted EBITDA	Adjusted EBITDA	\$1,034	\$1,029			
Net sales	Net sales	\$15,092	\$14,402			
Net sales						
Net sales					\$14,219	\$15,092
Net earnings as a % of net sales	Net earnings as a % of net sales	1.6 %	1.2 %	Net earnings as a % of net sales	0.9 %	1.6 %
EBIT margin %	EBIT margin %	3.1 %	3.4 %	EBIT margin %	1.8 %	3.1 %
Adjusted EBIT margin %	Adjusted EBIT margin %	3.3 %	3.4 %	Adjusted EBIT margin %	4.0 %	3.3 %

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

Fiscal year	Fiscal year	2022	2021	Fiscal year	2023	2022
Diluted EPS	Diluted EPS	\$1.51	\$1.10			
Supply chain impairment		0.44	—			
Supply chain asset impairment and related charges						
Canada wind-down costs						
Trunk Club wind-down costs	Trunk Club wind-down costs	0.11	—			
Gain on sale of interest in a corporate office building	Gain on sale of interest in a corporate office building	(0.31)	—			
Debt refinancing charges included within interest expense, net		—	0.54			
Income tax impact on adjustments ¹	Income tax impact on adjustments ¹	(0.06)	(0.13)			
Adjusted EPS	Adjusted EPS	\$1.69	\$1.51			

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

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. In addition, we have incorporated it in our executive incentive measures and we believe it is an important indicator of shareholders' return over the long term.

Beginning in the second quarter of 2023, the Adjusted ROIC calculation was updated to exclude certain items that we do not consider representative of our core operating performance. Refer to non-operating related adjustments included within adjusted net operating profit after tax and adjusted average invested capital. Prior periods have been modified to conform with current period presentation.

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:

Fiscal year	Fiscal year	2022	2021	Fiscal year	2023	2022
Net earnings	Net earnings	\$245	\$178			
Income tax expense	Income tax expense	92	68			
Interest expense	Interest expense	138	247			
Earnings before interest and income tax expense	Earnings before interest and income tax expense	475	493			

Operating lease interest ₁	Operating lease interest ₁	85	87
Operating lease interest ₁			
Operating lease interest ₁			
Non-operating related adjustments ₂			
Non-operating related adjustments ₂			
Non-operating related adjustments ₂			
Adjusted net operating profit	Adjusted net operating profit	560	580
Estimated income tax expense ₂		(152)	(159)
Adjusted estimated income tax expense ₃			
Adjusted net operating profit after tax	Adjusted net operating profit after tax	\$408	\$421
Average total assets	Average total assets	\$9,069	\$9,301
Average deferred property incentives in excess of ROU assets ₃		(197)	(232)
Average total assets			
Average total assets			
Average noncurrent deferred property incentives in excess of ROU assets ₄			
Average non-interest bearing current liabilities	Average non-interest bearing current liabilities	(3,185)	(3,352)
Average invested capital \$5,687			
Non-operating related adjustments ₅			
Adjusted average invested capital			
Return on assets	Return on assets	2.7 %	1.9 %
Return on assets			
Return on assets		1.5 %	2.7 %

Adjusted ROIC	Adjusted ROIC	7.2 %	7.4 %	Adjusted ROIC	8.5 %	7.7 %
<p>1 Operating lease interest is a component of Operating Lease Cost 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.</p> <p>2 Estimated See the Adjusted EBIT and Adjusted EBITDA section, as well as our 2022 Annual Report, for detailed information on certain non-operating related adjustments.</p> <p>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 January 28, 2023 February 3, 2024 and January 29, 2022 January 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.</p> <p>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 Consolidated Balance Sheets. The current and non-current amounts are used to reduce average total assets above, as this better reflects how we manage our business.</p> <p>5 Non-operating related adjustments primarily relate to the wind-down of our Canadian operations for the trailing twelve-month period ended February 3, 2024.</p>						
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LIQUIDITY

We strive to maintain a level of liquidity sufficient to allow us to cover our seasonal cash needs and to maintain appropriate levels of short-term borrowings. 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 fiscal year **2022** 2023 with **\$687** \$628 in cash and cash equivalents and **\$800** \$770 of additional liquidity available on our Revolver. Cash and cash equivalents as of **January 28, 2023** increased February 3, 2024 decreased from **\$322** \$687 in **2021**, 2022, driven by **lower** payments for **merchandise inventory** capital expenditures, **Canadian** guarantee settlements (see Note 2: Canada Wind-down in Item 8) and **our amended 2022 TD program agreement, dividends**, partially offset by **value returned** cash flows from earnings.

As of February 3, 2024, we had \$250 in current maturities of long-term debt due April 2024 (see Note 6: Debt and Credit Facilities in Item 8). We intend to **shareholders through** dividends and share repurchases, retire this outstanding debt during the first quarter of 2024 using cash on hand. We believe that our **operating** 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:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	Net cash provided by operating activities	\$946	\$705
Net cash used in investing activities	Net cash used in investing activities	(393)	(521)
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in financing activities	Net cash used in financing activities	(186)	(544)
Net cash used in financing activities			
Net cash used in financing activities			

Operating Activities

The majority of our operating cash inflows are derived from sales. We also receive cash payments for property incentives from developers and vendors. Our operating cash outflows generally consist of payments to our merchandise vendors (net of vendor allowances) and shipping carriers, payments to our employees for wages, salaries and other employee benefits and payments to our landlords for rent. Operating cash outflows also include payments for income taxes and interest payments on our short-term and long-term borrowings.

Net cash provided by operating activities **increased \$241 between decreased \$325 between 2023 and 2022 and 2021 primarily primarily** due to **lower changes in working capital** driven by the amended TD program agreement in 2022, timing of purchases and payments for inventory and **our amended 2022 TD program agreement, partially offset by the receipt of the income tax refund related to the loss carryback provision of the CARES Act** Canadian guarantee settlements (see Note 2: Canada Wind-down in **2021**, Item 8).

Investing Activities

Our investing cash outflows include payments for capital expenditures, including technology, stores and supply chain improvements. Our investing cash inflows are generally from proceeds from sales of property and equipment. Activity also includes the purchase and sale of financial interests of certain private companies and venture capital funds.

Net cash used in investing activities decreased \$128 between increased \$178 between 2023 and 2022, and 2021 primarily primarily due to increased capital expenditures for Nordstrom Rack new store openings, the sale of our interest in a corporate office building in 2022 and our investment the decrease in ASOS.com Ltd. cash and cash equivalents resulting from the deconsolidation of Canada in 2021 2023 (see Note 1: Nature of Operations and Summary of Significant Accounting Policies and Note 2: Canada Wind-down in Item 8).

Capital Expenditures

Our capital expenditures, net are summarized as follows:

Fiscal year	Fiscal year	2022	2021	Fiscal year	2023	2022
Capital expenditures	Capital expenditures	\$473	\$506			
Less: deferred property incentives ¹		(20)	(10)			
Deferred property incentives ¹						
Capital expenditures, net	Capital expenditures, net	\$453	\$496			
Capital expenditures, net category allocation:	Capital expenditures, net category allocation:					
Capital expenditures, net category allocation:						
Technology						
Technology						
Technology	Technology	66 %	61 %		59 %	66 %
New stores, relocations, remodels and other	New stores, relocations, remodels and other	24 %	22 %	New stores, relocations, remodels and other	31 %	24 %
Supply chain	Supply chain	10 %	17 %	Supply chain	10 %	10 %
Total	Total	100 %	100 %	Total	100 %	100 %

¹ Deferred property incentives are included in our cash provided by operations in our Consolidated Statements of Cash Flows in Item 8. We operationally view the property incentives we receive from our developers and vendors as an offset to our capital expenditures.

Fiscal year	Fiscal year	2023: 2022	2021	2020	2019	2018	
Capital expenditures as a % of net sales	Capital expenditures as a % of net sales	3%-4%	3.1	3.5	3.7	6.2	4.2
Capital expenditures as a % of net sales	Capital expenditures as a % of net sales	3%-4%	4.0	3.1	3.5	3.7	6.2

¹ Rate represents amounts forecasted in 2023, 2024.

Capital expenditures as a percentage of net sales in 2022 were at 2023 was on the lower higher end of our outlook, and decreased increased compared with 2021 2022, primarily due to decreases Nordstrom Rack new store openings in supply chain expenditures2023 and completion of investments in our New York City Nordstrom flagship store in 2022, stores to support continued growth. Going forward, we expect capital expenditure requirements on average to range from 3% to 4% of net sales, and primarily support investments in technology and supply chain capabilities. stores. Approximately \$42 \$32 of our purchase obligation commitments relate to capital expenditures, all of which we expect to impact our liquidity in the next year (see Note 12: 13: Commitments and Contingencies in Item 8).

Financing Activities

The majority of our financing activities include long-term debt or Revolver proceeds and/or payments, dividend payments and repurchases of common stock.

Net cash used in financing activities decreased \$358 between \$77 between 2023 and 2022 and 2021 primarily due to net long-term debt activity decreased share repurchases in 2021, partially offset by dividends paid in 2022, 2023 compared with none in 2021, 2022.

Share Repurchases

In determining the sizing size and timing of share repurchases, we analyze a number of different factors, including our liquidity position, current market and economic conditions as well as and alternative uses of capital, including those used to offset anticipated dilution from equity incentive plans. Share repurchases are made as conditions warrant in the open market and are then retired. We repurchased 2.8 repurchased 0.03 shares of our common stock for \$1 in 2023, compared with 2.8 shares repurchased for \$62 in 2022, and had \$438 remaining remaining in share repurchase capacity as of January 28, 2023, compared with no share repurchases in 2021. February 3, 2024. The actual timing, price, manner and amounts of future share repurchases, if any, will be subject to the discretion of the Board of Directors, contractual commitments, market and economic conditions and applicable SEC rules (see Note 10: 11: Shareholders' Equity in Item 8).

Dividends

In determining the dividends to pay, we analyze our dividend payout ratio and dividend yield, while taking into consideration our current and projected operating performance and liquidity, subject to our Revolver covenants (see Note 5: 6: Debt and Credit Facilities in Item 8). Our expected dividend payments in In 2023, are a continuation we paid dividends of 50% of the pre-COVID levels. In 2022, we paid \$123, or \$0.76 per share, compared with \$119, or \$0.76 per share, compared with no dividends in 2021 2022 (see Note 10: 11: Shareholders' Equity in Item 8). We expect a continuation of our 2023 dividend payment levels throughout 2024.

In February 2024, subsequent to year end, we declared a quarterly dividend of \$0.19 per share, which will be paid on March 27, 2024 to shareholders of record as of March 12, 2024.

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Cash Requirements

We have various commitments and other executory contracts that are disclosed in the following Notes to Consolidated Financial Statements in Item 8:

- Note 4: 2: Canada Wind-down
- Note 5: Leases
- Note 5: 6: Debt and Credit Facilities
- Note 7: 8: Self-Insurance
- Note 8: 9: Supplemental Executive Retirement Plan
- Note 11: 12: Income Taxes
- Note 12: 13: Commitments and Contingencies
- Note 15: Subsequent Events

Other commitments include \$66 \$63 for deferred compensation and other accrued benefits, \$9 of which is payable within one year.

Off-Balance Sheet Arrangements

In connection with our workers' compensation programs, we have a standby letters letter of credit issued on our behalf with \$13 available and \$2 outstanding as of January 28, 2023 February 3, 2024 (see Note 7: 8: Self-Insurance in Item 8). In addition, we issued a standby letter of credit of \$30 in the fourth quarter of 2023 reducing our short-term borrowing capacity on our Revolver (see Note 6: Debt and Credit Facilities in Item 8). In management's opinion, we have no off-balance sheet arrangements that have a material current or future effect on our financial condition or financial statements.

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:

Fiscal year	Fiscal year	2022	2021
Fiscal year			
Fiscal year			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	Net cash provided by operating activities	\$946	\$705
Capital expenditures	Capital expenditures	(473)	(506)
Capital expenditures			

Capital expenditures			
Change in cash book overdrafts	Change in cash book overdrafts	(14)	(32)
Change in cash book overdrafts			
Change in cash book overdrafts			
Free Cash Flow			
Free Cash Flow			
Free Cash Flow	Free Cash Flow	\$459	\$167

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CAPITAL RESOURCES

Borrowing Capacity and Activity

During the second quarter of 2022, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new \$800 Revolver that expires in May 2027. As of January 28, 2023 February 3, 2024, we had no borrowings outstanding under our Revolver that expires in May 2027 and our short-term borrowing capacity was reduced by \$30 to \$770 as a result of issuing a standby letter of credit in the fourth quarter of 2023. As of February 3, 2024, we had no issuances outstanding under our commercial paper program. For more information about our credit facilities, see Note 5; 6: Debt and Credit Facilities in Item 8.

The following represents our principal long-term debt and Revolver activity:

Quarter	Long-term Debt				Revolver			
	First	Second	Third	Fourth	First	Second	Third	Fourth
2022								
Borrowings	\$—	\$—	\$—	\$—	\$—	\$—	\$100	\$—
Payments	—	—	—	—	—	—	—	(100)
2021								
Borrowings	675	—	—	—	200	—	200	—
Payments	(600)	(500)	—	—	—	(200)	—	(200)

Impact of Credit Ratings and Revolver Covenants

Changes in our credit ratings may impact our costs to borrow, whether our personal property secures our Revolver and whether and to what extent we are permitted to pay dividends or conduct share repurchases.

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	Ba1	Stable Negative
Standard & Poor's 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 January 28, 2023 February 3, 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. On March 1, 2023, we amended our Revolver agreement. For more information about our Revolver covenants, see Note 5; 6: Debt and Credit Facilities in Item 8.

On March 1, 2023, we amended our Revolver agreement in contemplation of a wind-down of business operations in Canada. See Note 15: Subsequent Events in Item 8 for more information.

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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 the updates in our new Revolver covenant and is a key component in assessing whether our revolving credit facility is secured or unsecured, as well as our ability to make dividend payments and share repurchases. Our goal is to manage debt levels to achieve and maintain investment-grade credit ratings while operating with an efficient capital structure. For more information regarding our Revolver, see Note 5: 6: Debt and Credit Facilities in Item 8.

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:

	January 28, 2023	February 3, 2024
Debt	\$2,856	2,862
Operating lease liabilities	1,784	1,617
Adjusted debt	\$4,640	4,479
Four Quarters Ended		
Net earnings	\$245	134
Income tax expense	92	13
Interest expense, net	128	104
Earnings before interest and income taxes	465	251
Depreciation and amortization expenses	604	586
Operating Lease Cost	280	278
Amortization of developer reimbursements ¹	72	69
Canada wind-down costs		284
Supply chain asset impairment and related charge		32
Other Revolver covenant adjustments ²		61
Adjusted EBITDAR	\$1,482	1,536
Debt to Net Earnings	11.6	21.4
Adjusted debt to EBITDAR	3.1	2.9

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 January 28, 2023 February 3, 2024, other Revolver covenant adjustments primarily included costs associated with a supply chain technology interest income.

Nordstrom, Inc. and related asset impairment and the wind-down of Trunk Club, partially offset by a gain on sale of the Company's interest in a corporate office building; subsidiaries³⁹

CRITICAL ACCOUNTING 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 and actual statements. Actual results may differ from these estimates and assumptions. The following discussion highlights the estimates we believe are critical and should be read in conjunction with the Notes to Consolidated Financial Statements in Item 8. Our management has discussed the development and selection of these critical accounting estimates with the Audit and Finance Committee of our Board of Directors, and the Audit and Finance Committee has reviewed our disclosures that follow.

Sales Return Reserve

We reduce sales and cost of sales by an estimate of future customer merchandise returns, which is calculated based on historical and expected return patterns, and record a sales return reserve and an estimated returns asset. We record the impact of the sales return reserve separately in both our separate Nordstrom and Nordstrom Rack banners. The majority of our returns from both digital and physical sales come through our stores. Estimating future returns requires substantial judgment based on current and historical trends and actual returns may vary from our estimates. A 10% change in the sales return reserve, net of the estimated returns asset, would have an approximately \$23 impact on our EBIT by approximately \$20 for the year ended January 28, 2023 February 3, 2024.

The Nordy Club Loyalty Program and Gift Cards

We record breakage revenue for The Nordy Club, including unused points and unredeemed Nordstrom Notes, and gift cards based on historical and expected redemption trends. We have experienced **an increase a decrease** in redemption rates, leading to **decreased increased** breakage rates for The Nordy Club. A one percentage point change in our gift card breakage rate would impact our EBIT by **approximately \$42approximately \$43** for the year ended **January 28, 2023 February 3, 2024**.

Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market value using the retail inventory method. Under the retail method, the valuation of inventories is determined by applying a calculated cost-to-retail ratio to the retail value of ending inventory. Inherent in the retail inventory method are certain management judgments that may affect the ending inventory valuation, as well as gross profit. To determine if the retail value of our inventory should be marked down, we consider current and anticipated demand, customer preferences, age of the merchandise and fashion trends. We record reserves for excess and obsolete inventory based on historical trends and specific identification.

We take physical inventory counts at our stores and Supply Chain Network locations and adjust for differences between recorded amounts 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 based on a percentage of sales until the next physical inventory count.

Impairment of Long-Lived Assets

When facts and circumstances indicate the carrying values of buildings, equipment and ROU assets may be impaired, we compare the carrying value to the related projected future cash flows, among other quantitative and qualitative analyses. Cash flow analysis requires judgment regarding many factors, such as revenues, growth rates, expenses, **capital expenditures** and **capital expenditures. sublease income**.

These projections are inherently subject to **uncertainties and while uncertainties**. While we believe the inputs and assumptions utilized in our future cash flows are reasonable, our estimates may change in the near term based on our current and future performance.

Income Taxes

We pay income taxes based on the tax statutes, regulations and case law of the various jurisdictions in which we operate. Our income tax expense and deferred tax assets and liabilities reflect our best estimate of current and future taxes to be paid. **Tax Income tax** expense may be affected by numerous items, such as changes in tax law, changes in business operations, the results of tax audits and changes to our forecasts of income and loss due to economic and other **conditions, such as COVID-19. conditions**. Significant judgments and estimates are required in determining consolidated **income** tax expense.

Deferred tax assets and liabilities arise from differences between the financial reporting and tax basis of assets and liabilities and for operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using the enacted tax rates and laws expected to be in effect when the differences are expected to reverse. In evaluating the likelihood of realizing the benefit of our deferred tax assets, we consider all available evidence, including historical results and projected future taxable income. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying business.

We recorded a valuation allowance against certain foreign deferred tax assets as of January 28, 2023 and January 29, 2022 and intend to maintain the valuation allowance until there is sufficient evidence to support its reversal. Increases or decreases in the valuation allowance will result in an increase or decrease in our effective tax rate in the period the change occurs. We believe there is a reasonable possibility within the next twelve months that sufficient negative evidence may become available that requires recording a valuation allowance against the remainder of our foreign deferred tax assets. See Note 15: Subsequent Events in Item 8 for more information.

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The benefits of uncertain tax positions are recorded in our financial statements only after determining it is more likely than not the uncertain tax positions would sustain challenge by taxing authorities. We are periodically audited by federal, state and foreign tax authorities related to our tax filing positions and allocation of income among various tax jurisdictions. Although we believe our liabilities for uncertain tax positions are reasonable, because of the complexity of some of these uncertainties, the ultimate resolution may result in an outcome that is materially different from our current estimated liability. Furthermore, we are unable to reasonably estimate the timing of related future cash payments. Any differences will be reflected as increases or decreases to income tax expense in the period of resolution.

Canada Wind-down

To assess the estimated fair value of our Nordstrom Inc. Canada investment and subsidiaries³⁷

our related-party receivables, we estimated the assets available for distribution in relation to expected claims. At the time of filing for CCAA protection on March 2, 2023, the estimated amount of Nordstrom Canada's liabilities exceeded the estimated fair value of assets available for distribution to creditors, and we believed we would not recover a significant portion of our receivables. As a result, our fair value was recorded as zero in our Condensed Consolidated Balance Sheets as of April 29, 2023. As of February 3, 2024, we adjusted our receivables by an immaterial amount based on currently available information.

As of February 3, 2024, we recorded the amount we believe probable of receipt as part of the claims process. This includes receipts related to the rights to the former landlords' distributions, reimbursement of employee trust contributions and other receivables existing at the time of deconsolidation. The receivable and our other estimates are dependent on the outcome of the Nordstrom Canada wind-down process, including the amount of third-party and Nordstrom claims asserted and recognized in the claims process, the amount of assets available for distribution and the approval of the CCAA plan of arrangement by the Ontario Superior Court of Justice, which we expect to have updated information on in the first quarter of 2024. We continue to work through the wind-down process and our estimates of net losses are based on currently available information, our assessment of the validity of certain expected claims and our assessment of the recoverability of amounts receivable from Nordstrom Canada. These estimates may change as new information becomes available and it is reasonably possible that they may materially change from the estimated amounts. Increases in estimated costs to settle claims and decreases in estimated assets available for

distribution may result in additional material charges. At the same time, any future decreases in estimated costs to settle claims or increases in estimated assets available for distribution may result in a gain, which would reduce our estimated charges.

See Note 2: Canada Wind-down in Item 8 for additional information.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2022, March 2024, the SEC adopted the final rule under SEC Release No. 33-11138, 33-11275, *Insider Trading Arrangements The Enhancement and Related Standardization of Climate-Related Disclosures for Investors*, which requires new disclosures regarding insider trading policies 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 procedures, the use of certain insider trading plans and director and executive compensation regarding equity compensation awards made close other natural conditions will also be required in time to our disclosure of material nonpublic information. Quarterly disclosure requirements under this final rule will be effective for us in the second quarter of 2023 and annual a registrant's audited financial statements. Annual disclosure requirements will be effective for us in the fourth quarter of 2023. The adoption 2025. We are currently evaluating the impact of this final rule is not anticipated to have a material impact on our results of operations, liquidity or capital resources, disclosures.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

(Dollars in millions)

INTEREST RATE RISK

For our long-term debt of \$2,856, \$2,862, our exposure to interest rate risk is primarily limited to changes in fair value. As our debt is primarily fixed-rate, changes in interest rates do not materially impact our cash flows. However, changes in interest rates increase or decrease the fair value of our debt, depending on whether market rates are lower or higher than our fixed rates. As of January 28, 2023 February 3, 2024, the fair value of our long-term debt was \$2,278 \$2,441 (see Note 5: 6; Debt and Credit Facilities and Note 6: 7; Fair Value Measurements in Item 8).

We are exposed to interest rate risk primarily from changes in short-term interest rates. Interest rate fluctuations can affect our interest income and interest expense. As of January 28, 2023 February 3, 2024, we had cash and cash equivalents of \$687 \$628, which generate interest income at variable rates and no borrowings outstanding under our Revolver, for which we pay interest at a variable rate.

FOREIGN CURRENCY EXCHANGE RISK

The majority of our revenues, expenses and capital expenditures are transacted in U.S. Dollars. Our U.S. operations periodically enter into merchandise purchase orders denominated in British Pounds or Euros. From time to time, we may use forward contracts to hedge against fluctuations in foreign currency prices. As of January 28, 2023 February 3, 2024, our outstanding forward contracts did not have a material impact on our Consolidated Financial Statements.

Our Canadian operations are comprised of the Nordstrom.ca website, six Nordstrom stores and seven Nordstrom Rack stores. Our Canadian operations enter into merchandise purchase orders denominated in U.S. Dollars for some portion On March 2, 2023, as part of our inventory. As sales 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. See Note 2: Canada Wind-down in Canada are denominated in the Canadian Dollar, gross profit Item 8 for our Canadian operations can be impacted by foreign currency fluctuations. more information.

As of January 28, 2023 February 3, 2024, activities associated with foreign currency exchange risk have not had a material impact on our Consolidated Financial Statements (see Note 1: Nature of Operations and Summary of Significant Accounting Policies in Item 8.) On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations. See Note 15: Subsequent Events in Item 8 for more information: 8).

There have been no material changes in our primary risk exposures or management of market risks since the prior year.

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Item 8: Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Nordstrom, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of [January 28, 2023](#), [February 3, 2024](#) and [January 29, 2022](#), [January 28, 2023](#) and the related consolidated statements of earnings, comprehensive earnings, shareholders' equity, and cash flows, for each of the three years in the period ended [January 28, 2023](#), [February 3, 2024](#), and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of [January 28, 2023](#), [February 3, 2024](#), and [January 29, 2022](#), [January 28, 2023](#), and the results of its operations and its cash flows for each of the three years in the period ended [January 28, 2023](#), [February 3, 2024](#), in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of [January 28, 2023](#), [February 3, 2024](#), based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated [March 10, 2023](#), [March 19, 2024](#), expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below arose from the current-period audit of the financial statements that was communicated or required to be communicated to the Audit and Finance Committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Merchandise Inventories—Refer to Note 1 to the financial statements

Critical Audit Matter Description

The Company's merchandise inventories are generally stated at the lower of cost or market using the retail inventory method ("RIM"). Under the RIM, the valuation of inventories is determined by applying a calculated cost-to-retail ratio to the retail value of ending inventory. The value of the Company's inventory on the balance sheet is then reduced by a charge to cost of sales for retail inventory markdowns taken on the selling price. To determine if the retail value of its inventory should be marked down, the Company considers many factors, including current and anticipated demand, customer preferences, age of the merchandise and fashion trends. Recorded markdowns represent one of the most significant inputs into the RIM calculation due to their impact on inventory valuation. Accordingly, the Company's process of recording markdowns is subjective, particularly as it relates to timing of markdowns.

Given the management judgments necessary to identify and record markdowns in a timely manner, performing audit procedures to evaluate the timeliness of markdowns required a high degree of auditor judgment.

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How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the timing of markdowns taken, included the following, among others:

- We tested the effectiveness of controls designed to ensure that markdowns are recorded timely.
- We evaluated the reasonableness of the timing of markdowns recorded by performing analytical procedures to compare current period trends to historical trends at varying levels of disaggregation (i.e., total company, operating segment, and business unit level) across multiple fiscal periods, including, but not limited to, metrics such as markdowns relative to sales trends, inventory turnover, and inventory aging.
- We evaluated management's ability to identify triggering events and accurately forecast markdown activity by:
 - Comparing actual markdowns recorded to management's historical forecasts
 - Reading information included in Company press releases
 - Reading internal communications to management and the Board of Directors
- We performed a retrospective review of markdowns recorded in periods subsequent to fiscal year-end to assess whether any unusual trends occurred that would indicate untimely markdowns.

/s/ Deloitte & Touche LLP
Seattle, Washington
March 10, 2023 19, 2024

We have served as the Company's auditor since 1970.

Nordstrom, Inc. and subsidiaries 41 45

Nordstrom, Inc.
Consolidated Statements of Earnings
(In millions except per share amounts)

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Net sales	Net sales	\$15,092	\$14,402	\$10,357				

Credit card	Credit card			
revenues, net	revenues, net	438	387	358
Total	Total			
revenues	revenues	15,530	14,789	10,715
Cost of sales	Cost of sales			
and related	and related			
buying and	buying and			
occupancy	occupancy			
costs	costs	(10,019)	(9,344)	(7,600)
Selling,	Selling,			
general and	general and			
administrative	administrative			
expenses	expenses	(5,046)	(4,953)	(4,162)
Earnings (loss) before				
interest and income taxes		465	492	(1,047)
Canada wind-				
down costs				
Earnings				
before				
interest and				
income taxes				
Interest	Interest			
expense, net	expense, net	(128)	(246)	(181)
Earnings (loss) before				
income taxes		337	246	(1,228)
Income tax (expense)				
benefit		(92)	(68)	538
Net earnings (loss)		\$245	\$178	(\$690)
Earnings				
before				
income taxes				
Income tax				
expense				
Net earnings				
Earnings (loss) per share:				
Earnings per share:				
Earnings per share:				
Earnings per share:				
Basic				
Basic				
Basic	Basic	\$1.53	\$1.12	(\$4.39)
Diluted	Diluted	\$1.51	\$1.10	(\$4.39)
Weighted-	Weighted-			
average	average			
shares	shares			
outstanding:	outstanding:			
Weighted-average shares				
outstanding:				
Weighted-average shares				
outstanding:				
Basic				
Basic				
Basic	Basic	160.1	159.0	157.2
Diluted	Diluted	162.1	162.5	157.2

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

Nordstrom, Inc.
Consolidated Statements of Comprehensive Earnings

(In millions)

Fiscal year	2022	2021	2020
Net earnings (loss)	\$245	\$178	(\$690)
Postretirement plan adjustments, net of tax of (\$12), (\$6) and \$0	32	18	(1)
Foreign currency translation adjustment	(8)	2	(1)
Comprehensive net earnings (loss)	\$269	\$198	(\$692)

Fiscal year	2023	2022	2021
Net earnings	\$134	\$245	\$178
Postretirement plan adjustments, net of tax of (\$2), (\$12) and (\$6)	5	32	18
Foreign currency translation adjustment	(4)	(8)	2
Comprehensive net earnings	\$135	\$269	\$198

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

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Nordstrom, Inc.
Consolidated Balance Sheets

(In millions)

		January 28, 2023	January 29, 2022
February 3, 2024		February 3, 2024	January 28, 2023
Assets	Assets		
Current assets:	Current assets:		
Current assets:	Current assets:		
Cash and cash equivalents	Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents	\$687	\$322
Accounts receivable, net	Accounts receivable, net	265	255
Merchandise inventories	Merchandise inventories	1,941	2,289
Prepaid expenses and other current assets	Prepaid expenses and other current assets	316	306
Total current assets	Total current assets	3,209	3,172
Land, property and equipment, net	Land, property and equipment, net	3,351	3,562
Land, property and equipment, net			

Land, property and equipment, net			
Operating lease right-of-use assets	Operating lease right-of-use assets	1,470	1,496
Goodwill	Goodwill	249	249
Other assets	Other assets	466	390
Total assets	Total assets	\$8,745	\$8,869
Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity			
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$1,238	\$1,529
Accrued salaries, wages and related benefits	Accrued salaries, wages and related benefits	291	383
Current portion of operating lease liabilities	Current portion of operating lease liabilities	258	242
Other current liabilities	Other current liabilities	1,203	1,160
Current portion of long-term debt			
Total current liabilities	Total current liabilities	2,990	3,314
Long-term debt, net	Long-term debt, net	2,856	2,853
Long-term debt, net			
Long-term debt, net			
Non-current operating lease liabilities			
Non-current operating lease liabilities			
Non-current operating lease liabilities	Non-current operating lease liabilities	1,526	1,556
Other liabilities	Other liabilities	634	565
Commitments and contingencies (Note 12)			
Commitments and contingencies (Note 13)			

Commitments and contingencies (Note 13)			
Commitments and contingencies (Note 13)			
Shareholders' equity:	Shareholders' equity:		
Common stock, no par value: 1,000 shares authorized; 160.1 and 159.4 shares issued and outstanding		3,353	3,283
Shareholders' equity:			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 162.4 and 160.1 shares issued and outstanding			
Common stock, no par value: 1,000 shares authorized; 162.4 and 160.1 shares issued and outstanding			
Common stock, no par value: 1,000 shares authorized; 162.4 and 160.1 shares issued and outstanding			
Accumulated deficit	Accumulated deficit	(2,588)	(2,652)
Accumulated other comprehensive loss		(26)	(50)
Accumulated other comprehensive gain (loss)			
Total shareholders' equity	Total shareholders' equity	739	581
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$8,745	\$8,869

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

Nordstrom, Inc.

Consolidated Statements of Shareholders' Equity

(In millions except per share amounts)

Fiscal year ended	Fiscal year ended	January 28, 2023			Fiscal year ended	February 3, 2024	January 28, 2023	January 29, 2022
		28, 2023	29, 2022	30, 2021				
Common stock	Common stock							
Balance, beginning of year	Balance, beginning of year	\$3,283	\$3,205	\$3,129				
Issuance under stock compensation plans		29	14	16				

Balance, beginning of year				
Balance, beginning of year				
Issuance of common stock under stock compensation plans				
Stock-based compensation	Stock-based compensation	41	64	60
Balance, end of year	Balance, end of year	\$3,353	\$3,283	\$3,205
Accumulated deficit				
Accumulated deficit				
Balance, beginning of year				
Balance, beginning of year				
Balance, beginning of year	Balance, beginning of year	(\$2,652)	(\$2,830)	(\$2,082)
Net earnings (loss)		245	178	(690)
Net earnings				
Net earnings				
Net earnings				
Dividends	Dividends	(119)	—	(58)
Repurchase of common stock	Repurchase of common stock	(62)	—	—
Balance, end of year	Balance, end of year	(\$2,588)	(\$2,652)	(\$2,830)
Accumulated other comprehensive loss				
Accumulated other comprehensive gain (loss)				
Accumulated other comprehensive gain (loss)				
Accumulated other comprehensive gain (loss)				
Balance, beginning of year	Balance, beginning of year	(\$50)	(\$70)	(\$68)
Other comprehensive earnings (loss)		24	20	(2)
Balance, beginning of year				
Balance, beginning of year				
Accumulated translation loss reclassified to earnings				
Other comprehensive earnings				
Balance, end of year	Balance, end of year	(\$26)	(\$50)	(\$70)
Total	Total	\$739	\$581	\$305

Total				
Total				
Dividends per share	Dividends per share	\$0.76	\$—	\$0.37
Dividends per share				
Dividends per share				

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

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Nordstrom, Inc.
Consolidated Statements of Cash Flows

(In millions)

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Operating Activities	Operating Activities							
Net earnings (loss)		\$245	\$178	(\$690)				
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:								
Net earnings								
Net earnings								
Net earnings								
Adjustments to reconcile net earnings to net cash provided by operating activities:								
Depreciation and amortization expenses	Depreciation and amortization expenses	604	615	671				
Depreciation and amortization expenses								
Depreciation and amortization expenses								
Canada wind-down costs								
Asset impairment	Asset impairment	80	—	137				
Right-of-use asset amortization	Right-of-use asset amortization	185	175	168				
Deferred income taxes, net	Deferred income taxes, net	(83)	(11)	(7)				
Stock-based compensation expense	Stock-based compensation expense	59	79	67				
Other, net	Other, net	(46)	81	4				

Change in operating assets and liabilities:	Change in operating assets and liabilities:			
Accounts receivable, net		23	(10)	(46)
Merchandise inventories	Merchandise inventories	265	(383)	53
Prepaid expenses and other assets		(24)	542	(607)
Merchandise inventories				
Merchandise inventories				
Other current and noncurrent assets				
Accounts payable	Accounts payable	(190)	(400)	432
Accrued salaries, wages and related benefits	Accrued salaries, wages and related benefits	(94)	31	(157)
Other current liabilities		44	112	(143)
Lease liabilities	Lease liabilities	(269)	(284)	(237)
Other liabilities		147	(20)	7
Net cash provided by (used in) operating activities		946	705	(348)
Lease liabilities				
Lease liabilities				
Other current and noncurrent liabilities				
Net cash provided by operating activities				
Investing Activities	Investing Activities			
Investing Activities				
Capital expenditures				
Capital expenditures				
Capital expenditures	Capital expenditures	(473)	(506)	(385)
Decrease in cash and cash equivalents resulting from Canada deconsolidation				
Decrease in cash and cash equivalents resulting from Canada deconsolidation				
Decrease in cash and cash equivalents resulting from Canada deconsolidation				

Proceeds from the sale of assets and other, net	Proceeds from the sale of assets and other, net	80	(15)	38
Net cash used in investing activities	Net cash used in investing activities	(393)	(521)	(347)
Financing Activities	Financing Activities			
Financing Activities				
Proceeds from revolving line of credit				
Proceeds from revolving line of credit				
Proceeds from revolving line of credit	Proceeds from revolving line of credit	100	400	800
Payments on revolving line of credit	Payments on revolving line of credit	(100)	(400)	(800)
Proceeds from long-term borrowings	Proceeds from long-term borrowings	—	675	600
Principal payments on long-term borrowings	Principal payments on long-term borrowings	—	(1,100)	—
Change in cash book overdrafts	Change in cash book overdrafts	(14)	(32)	(4)
Change in cash book overdrafts				
Change in cash book overdrafts				
Cash dividends paid	Cash dividends paid	(119)	—	(58)
Payments for repurchase of common stock	Payments for repurchase of common stock	(62)	—	—
Proceeds from issuances under stock compensation plans	Proceeds from issuances under stock compensation plans	29	14	16
Tax withholding on share-based awards		(16)	(15)	(9)
Make-whole premium payment and other, net		(4)	(86)	(15)
Net cash (used in) provided by financing activities		(186)	(544)	530
Other, net				
Net cash used in financing activities				
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(2)	1	(7)
Net increase (decrease) in cash and cash equivalents		365	(359)	(172)

Effect of exchange rate changes on cash and cash equivalents				
Effect of exchange rate changes on cash and cash equivalents				
Net (decrease) increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	322	681	853
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	\$687	\$322	\$681
Supplemental Cash Flow Information	Supplemental Cash Flow Information			
Cash paid (received) during the year for:				
Income taxes, net of refunds		\$211	(\$485)	\$23
Interest, net of capitalized interest		136	164	168
Supplemental Cash Flow Information				
Supplemental Cash Flow Information				
Income taxes paid, net of refunds received				
Income taxes paid, net of refunds received				
Income taxes paid, net of refunds received				
Interest paid, net of capitalized interest				

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

Nordstrom, Inc.
Notes to Consolidated Financial Statements

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

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company
Founded in 1901 as a retail shoe business in Seattle, Washington, our Company is a leading fashion retailer that offers an extensive selection of high-quality brand-name and private label private-label merchandise for women, men, young adults and children, with a focus on apparel, shoes, beauty, accessories and home goods. This breadth of merchandise allows us to serve a wide range of customers who appreciate quality fashion and a superior shopping experience. We offer brand-name and private label merchandise experience, across our digital and physical assets and in both our Nordstrom and Nordstrom Rack banners. Our facilities and stores are located in 40 states in the U.S. and three provinces in Canada.

- As of February 3, 2024, Nordstrom includes:
- 93 Nordstrom stores
 - Nordstrom.com website and mobile application
 - Nordstrom.ca
 - 94 Nordstrom stores in the U.S.

- six Nordstrom stores and seven Locals

As of February 3, 2024, Nordstrom Rack stores in Canada includes:

- Seven Nordstrom Locals
- one ASOS | Nordstrom store
- TrunkClub.com – prior to October 2022

258 Nordstrom Rack includes: stores

- NordstromRack.com website and mobile application
- 241 Nordstrom Rack stores in the U.S.
- two Last Chance clearance stores
- HauteLook.com – prior to the first quarter of 2021

On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations (see Note 15: Subsequent Events for more information).

Fiscal Year

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. References to 2022 and all 2023 relate to the 53-week fiscal year ending February 3, 2024. References to any other years included within this document are based on a 52-week fiscal year, except for fiscal year 2023 which is a 53-week fiscal year.

Principles of Consolidation

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

On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations (see Note 2: Canada Wind-down) 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 Consolidated Financial Statements.

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 and actual 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, and income taxes and contingent liabilities, including assumptions related to our Canada wind down, all of which involve assumptions about future events.

Revenue

Net Sales

We recognize sales revenue net of estimated returns and excluding sales taxes. Revenue from sales shipped to customers from our Supply Chain Network facilities, stores and directly from our vendors, which includes shipping revenue when applicable, is recognized at shipping point, the point in time where control has transferred to the customer. Costs to ship orders to customers are expensed as a fulfillment activity at shipping point, commissions from sales at our Nordstrom stores are expensed at the point of sale and both are recorded in SG&A expenses.

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Nordstrom, Inc.

Notes to Consolidated Financial Statements

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

We reduce sales and cost of sales by an estimate of future customer merchandise returns, which is calculated based on historical and expected return patterns, and record a sales return reserve and an estimated returns asset. Our sales return reserve is classified in other current liabilities and our estimated returns asset, calculated based on the cost of merchandise sold, is classified in prepaid expenses and other on the Consolidated Balance Sheets. As of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, our sales return reserve was \$415 \$377 and \$411, \$415, and our estimated returns asset was \$179 \$164 and \$186, \$179. Due to the seasonality of our business, these balances typically increase when higher sales occur in the last month of a period, such as during the Anniversary Sale, which usually occurs at the end of the second quarter, and decrease in the following period. We record the impact of the sales return reserve separately in both our separate Nordstrom and Nordstrom Rack banners. The majority of our returns from both digital and physical sales come through our stores.

Loyalty Program

The Nordy Club is our customer loyalty program that incorporates a traditional point and benefit system, while providing customers exclusive access to products and events, enhanced services, personalized experiences and more convenient ways to shop. Customers accumulate points based on their level of spending and type of participation. Upon reaching certain point thresholds, customers receive Nordstrom Notes, which can be redeemed for goods or services across Nordstrom and Nordstrom Rack. The Nordy Club benefits vary based on the level of customer spend, and include bonus points days and shopping and fashion events.

We offer customers access to a variety of payment products and services, including a selection of Nordstrom-branded Visa® credit cards, in the U.S. and Canada, as well as a Nordstrom-branded private label private-label credit card for Nordstrom purchases. When customers use a Nordstrom-branded credit or debit card, they also participate in The Nordy Club and receive additional benefits, which can vary depending on the level of spend, including early access to the Anniversary Sale, enhanced alteration alterations and stylist benefits and incremental accumulation of points toward Nordstrom Notes.

As our customers earn points and Nordstrom Notes in The Nordy Club, a portion of underlying sales revenue is deferred based on an estimated stand-alone selling price of points, Nordstrom Notes and other loyalty benefits, such as alterations. We recognize the revenue and related cost of sale when the Nordstrom Notes are ultimately redeemed and reduce our contract liability. We include the deferred revenue in other current liabilities on the Consolidated Balance Sheets. We record breakage revenue of unused points and unredeemed Nordstrom Notes based on expected customer redemption. We estimate, based on historical and expected usage, that approximately 7% 8% of Nordstrom Notes and points will be unredeemed. Estimating future breakage rates requires judgment based on current and historical trends, and actual breakage rates may vary from our estimates. Other benefits of the loyalty program, including shopping and fashion events, are recorded in SG&A expenses as these are not a material right of the program.

As of January 28, 2023 both February 3, 2024 and January 29, 2022 January 28, 2023, our outstanding performance obligation for The Nordy Club, which consists primarily of unredeemed points and Nordstrom Notes at retail value, was \$115 and \$112, \$115. Almost all Nordstrom Notes redemptions occur within eleven months of issuance.

Gift Cards

We record deferred revenue from the sale of gift cards at the time of purchase. As gift cards are redeemed, we recognize revenue and reduce our contract liability. Although our gift cards do not have an expiration date, we include this deferred revenue in other current liabilities on the Consolidated Balance Sheets as customers can redeem gift cards at any time. We record breakage revenue on unused gift cards based on expected customer redemption. We estimate, based on historical usage, that 3% 4% of gift cards will be unredeemed and recognized as revenue. Estimating future breakage rates requires judgment based on current and historical trends and actual breakage rates may vary from our estimates. Breakage income was \$52, \$40 and \$39 in 2023, 2022 and \$81 in 2022, 2021 and 2020, 2021.

As of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, our outstanding performance obligation for unredeemed gift cards was \$370 was \$343 and \$366, \$370. Almost all gift card redemptions occur within two years of issuance.

Credit Card Revenues, net

Although the primary purpose of offering our credit cards is to foster greater customer loyalty and drive more sales, we also receive credit card revenue through our program agreement with TD, whereby TD. Under that agreement, which was amended in the fourth quarter of 2022 and runs through September 2026, TD is the exclusive issuer of our Nordstrom-branded consumer credit cards and we perform account servicing functions, functions for those cards. Credit card revenues, net include our portion of the ongoing credit card revenue, net of credit losses, pursuant to our program agreement with TD. In the fourth quarter of 2022, we amended our program agreement with TD. The original agreement was scheduled to expire in April 2024 and the amendment extends the term through September 2026. In connection with the amendment, we recorded deferred revenue, which will be recognized in full over the term of the agreement as we perform account servicing functions. Our outstanding performance obligation for the TD agreement is included in other current liabilities and other liabilities on our Consolidated Balance Sheets and the amortization is included in other operating, net on the Consolidated Statements of Cash Flows.

Nordstrom, Inc. and subsidiaries 47 51

Nordstrom, Inc.

Notes to Consolidated Financial Statements

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

Cost of Sales

Cost of sales primarily includes the purchase and manufacturing costs of inventory sold, net of vendor allowances, and in-bound freight and duty expense.

Buying and Occupancy Costs

Buying costs consist primarily of compensation and other costs incurred by our merchandising and product development groups. Occupancy costs include rent, depreciation, property taxes and facility operating costs of our retail, corporate center stores, office facilities and Supply Chain Network facilities.

Selling, General and Administrative Expenses

SG&A expenses consist primarily of compensation and benefits, marketing, outbound supply chain and technology costs.

Severance

In 2020, we recorded \$88 of restructuring costs in connection with our regional and corporate reorganization, including \$25 recorded in cost of sales and related buying and occupancy costs and \$63 in SG&A on the Consolidated Statement of Earnings.

Advertising

Advertising production costs for internet, magazines, store events and other media are expensed the first time the advertisement is run. Online marketing costs are expensed when incurred. Total advertising expenses, net of vendor allowances, of \$309, \$300 and \$283 in 2022, 2021 and 2020 were included in SG&A expenses.

Shipping and Fulfillment Costs

Our shipping and fulfillment costs include payments to third-party shippers and costs to hold, move and prepare merchandise for shipment. These costs do not include in-bound freight to our Supply Chain Network facilities, which we include in the cost of our inventory. Shipping and fulfillment costs of \$712, \$885, and \$993 in 2023, 2022 and \$828 in 2022, 2021 and 2020 were included in SG&A expenses.

Advertising

Advertising production costs for internet, magazines, store events and other media are expensed the first time the advertisement is run. Online marketing costs are expensed when incurred. Total advertising expenses, net of vendor allowances, of \$313, \$309 and \$300 in 2023, 2022 and 2021 were included in SG&A expenses.

Vendor Allowances

We receive allowances from merchandise vendors for purchase price adjustments, beauty expenses, advertising programs and various other expenses. Purchase price adjustments are recorded as a reduction of cost of sales at the point they have been earned and the related merchandise has been marked down or sold. Allowances for beauty expenses, advertising programs and other expenses are recorded in SG&A expenses as a reduction of the related costs when incurred.

Vendor allowances earned are as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Purchase price adjustments	Purchase price adjustments	\$120	\$108	\$77				
Beauty expenses	Beauty expenses	111	103	79				
Advertising	Advertising	112	110	82				
Other	Other	2	3	2				
Total vendor allowances	Total vendor allowances	\$345	\$324	\$240				

Advertising includes NMN, where vendors pay a fee for use of our first party first-party data. Funds received from vendors are recorded as a reduction of the campaign cost in SG&A expenses and media fees are recorded as a reduction of cost of sales.

401(k) Plan

We provide a 401(k) plan for our employees that allows for employee elective contributions and our matching contributions. Employee elective contributions are funded through voluntary payroll deductions. Total expenses related to Company contributions were \$71 in 2023 and 2022 and \$67 in 2022 and 2021, and were included in both buying and occupancy costs and SG&A expenses on our Consolidated Statements of Earnings. In 2020, due to COVID-19 and the steps we took to strengthen our financial flexibility, we temporarily paused our employer match contribution and incurred no expenses related to Company contributions.

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Nordstrom, Inc.
Notes to Consolidated Financial Statements

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

Stock-Based Compensation

The 2019 Plan authorizes the grant of stock options, PSUs, RSUs, stock appreciation rights and both restricted and unrestricted shares of common stock to employees and nonemployee directors. We grant stock-based awards under our 2019 Plan and employees may purchase our stock at a discount under our ESPP. We predominantly recognize stock-based compensation expense related to stock-based awards at their estimated grant date fair value, recorded on a straight-line basis over the requisite service period. Compensation expense for certain award holders is accelerated based upon age and years of service. Compensation expense for PSUs is adjusted based on the payout percentage of the PSU grant subject to achieving specific performance measures. The total compensation expense is reduced by actual forfeitures as they occur.

We primarily estimate the grant date fair value of stock options using the Binomial Lattice-based valuation model, but for our price-hurdle grants in 2021, we estimate the grant date fair value using the Monte Carlo simulation valuation model. The grant date fair value of RSUs and PSUs is determined based on the number of RSUs or PSUs granted and the quoted price of our common stock on the date of grant, less the estimated present value of dividends over the vesting period. PSUs granted are classified as equity.

Amounts included on the following line items of our Consolidated Statements of Shareholders' Equity and our Consolidated Statements of Cash Flows are as follows:

- Issuance of common stock under stock compensation plans — includes common stock option exercises and purchases of shares under the ESPP
- Stock-based compensation — primarily includes stock-based compensation expense for our common stock options, RSUs and PSUs, partially offset by shares withheld for taxes on RSUs and PSUs

New Store Opening Costs

Non-capital expenditures associated with opening new stores, including marketing expenses, relocation expenses and occupancy costs, are charged to expense as incurred. These costs are included in both buying and occupancy costs and SG&A expenses, according to their nature as disclosed above.

Income Taxes

We use the asset and liability method of accounting for income taxes. Using this method, deferred tax assets and liabilities are recorded based on differences between the financial reporting and tax basis of assets and liabilities and for operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, it is determined that some portion of the tax benefit will not be realized.

We regularly evaluate the likelihood of realizing the benefit for income tax positions we have taken in various federal, state and foreign filings by considering all relevant facts, circumstances and information available. If we believe it is more likely than not that our position will be sustained, we recognize a benefit at the largest amount we believe is cumulatively greater than 50% likely to be realized. Interest and penalties related to income tax matters are classified as a component of income tax expense.

Income taxes require significant management judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and our particular facts and circumstances. Also, as audits are completed or statutes of limitations lapse, it may be necessary to record adjustments to our taxes payable, deferred taxes, tax reserves or

income tax expense.

CARES Act

On March 27, 2020, the CARES Act was signed into law. Among other provisions, the CARES Act provided for payroll tax credits for employee retention, deferral of payroll taxes and several income tax provisions including allowing for carryback of certain operating losses.

In accordance with our overall approach for determining our income tax provision, which uses an estimated annual effective tax rate based on our best estimates and adjusts for discrete taxable events that occur during the quarter, we made a reasonable estimate of the impacts of the CARES Act in our 2020 results. As of January 29, 2022, we completed our accounting for the impacts of the CARES Act, resulting in no material changes to previously recorded estimated amounts.

In 2020, we recognized \$69 in employee retention payroll tax credits and elected to defer payment of the employer portion of social security taxes, both as provided for under the CARES Act and other COVID-19 related stimulus. In 2021, we recognized an additional \$7 in COVID-19 payroll-related stimulus and paid in full the deferred employer portion of social security taxes.

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Earnings Per Share

Earnings per basic share is computed using the weighted-average number of common shares outstanding during the year. Earnings per diluted share uses the weighted-average number of common shares outstanding during the year plus dilutive common stock equivalents, primarily RSUs and stock options. Dilutive common stock is calculated using the treasury stock method and includes outstanding RSUs and options that would reduce the amount of earnings for which each share is entitled. Anti-dilutive shares (including stock options and other shares) are excluded from the calculation of diluted shares and earnings per diluted share because their impact could increase earnings per diluted share.

Comprehensive Net Earnings

Comprehensive net earnings consist of net earnings and other gains and losses affecting equity that are excluded from net earnings. These consist of postretirement plan adjustments, net of related income tax effects, and foreign currency translation adjustments.

Cash Equivalents

Cash equivalents are short-term investments with an original maturity of three months or less from the date of purchase and are carried at cost, which approximates fair value. At the end of 2022 2023 and 2021 2022, checks not yet presented for payment drawn in excess of our bank deposit balances were \$60 62 and \$74 and \$60. Amounts are included within in accounts payable on our Consolidated Balance Sheets. Sheets and in change in cash book overdrafts as a financing activity in our Consolidated Statements of Cash Flows.

Accounts Receivable

Accounts receivable, net primarily includes receivables from TD related to our program agreement, non-Nordstrom-branded credit and debit cards and developer reimbursements. As of February 3, 2024, accounts receivable, net also includes the amount we believe probable of receipt as part of the claims process related to the wind-down of Canada (see Note 2: Canada Wind-down).

Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market value using the retail inventory method. Under the retail method, the valuation of inventories is determined by applying a calculated cost-to-retail ratio to the retail value of ending inventory. The value of our inventory on the balance sheet is also reduced by a charge to cost of sales for retail inventory markdowns taken on the selling price. To determine if the retail value of our inventory should be marked down, we consider current and anticipated demand, customer preferences, age of the merchandise and fashion trends. We record reserves for excess and obsolete inventory based on historical trends and specific identification.

We take physical inventory counts at our stores and Supply Chain Network locations and adjust for differences between recorded amounts 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 based on a percentage of sales until the next physical inventory count.

Leases

We record leases, which consist primarily of operating leases, on the Consolidated Balance Sheets as operating lease ROU assets and operating lease liabilities, both of which include current and noncurrent portions. Operating lease liabilities are initially recognized based on the net present value of the fixed portion of our lease and common area maintenance payments from lease commencement through the lease term. To calculate the net present value, we apply an incremental borrowing rate. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest we would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. We use quoted interest rates obtained from financial institutions as an input to derive our incremental borrowing rate as the discount rate for the lease. We recognize ROU assets based on operating lease liabilities reduced by property incentives. incentives received from landlords. We test ROU assets for impairment in the same manner as long-lived assets and exclude the related operating lease liability and operating lease payments in our analysis.

We lease the land, buildings, or land and buildings for many of our stores, office facilities and Supply Chain Network facilities. We also lease equipment and have service contracts including transportation agreements and warehouse agreements where we control identified assets such as vehicles, warehouse space and equipment and therefore represent embedded leases.

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Land, Property and Equipment

Land is recorded at historical cost, while property and equipment are recorded at cost less accumulated depreciation and amortization. Capitalized software includes the costs of developing or obtaining internal-use software, including external direct costs of materials and services and internal payroll costs related to the software project.

We capitalize interest on construction in progress and software projects during the period in which expenditures have been made, activities are in progress to prepare the asset for its intended use and actual interest costs are being incurred. Depreciation and amortization are computed using the straight-line method over the asset's estimated useful life, which is determined by asset category as follows:

Asset	Life (in years)
Buildings and improvements	5 – 40
Store fixtures and equipment	3 – 15
Leasehold improvements	5 – 40
Capitalized software	2 – 7

Leasehold improvements and leased property and equipment that are purchased at the inception of the lease, or during the lease term, are amortized over the shorter of the lease term or the asset life. Lease terms include the fixed, non-cancellable non-cancelable term of a lease, plus any renewal periods determined to be reasonably assured.

Long-Lived Assets

When facts and circumstances indicate the carrying values of buildings, equipment and ROU assets may be impaired, we compare the carrying value to the related projected future cash flows, among other quantitative and qualitative analyses. Cash flow analysis requires judgment regarding many factors, such as revenues, growth rates, expenses, capital expenditures and capital expenditures, sublease income. These projections are inherently subject to uncertainties and while uncertainties. While we believe the inputs and assumptions utilized in our future cash flows are reasonable, our estimates may change in the near term based on our current and future performance. Land, property and equipment are grouped at the lowest level at which there are identifiable cash flows when assessing impairment, while cash flows for our retail store assets are identified at the individual store level.

The following table provides details related to asset impairment charges: charges for each fiscal year:

		2022	2020		
		Supply Trunk			
		Chain	Club	Stores	
		2023	2023	2022	
		Supply Chain	Supply Chain	Trunk Club	
Long-lived asset impairment:	Long-lived asset impairment:	\$58	\$10	\$96	
Operating lease ROU asset impairment:	Operating lease ROU asset impairment:	12	—	41	
Asset impairment	Asset impairment	\$70	\$10	\$137	

¹ After impairment, the carrying value values of the remaining long-lived tangible and ROU assets were not material.

Supply Chain Impairment Impairments

During the fourth quarter of 2023 and the third quarter of 2022, as part of our supply chain optimization initiatives, we decommissioned certain supply chain technology and related assets and incurred a non-cash impairment charge to adjust the carrying values to their estimated fair values, values for certain supply chain assets. These charges are included in our Corporate/Other SG&A expense on the Consolidated Statement of Earnings and in asset impairment on the Consolidated Statement of Cash Flows. We evaluated the assets for impairment by comparing the carrying values to the related projected future cash flows, among other quantitative and qualitative analyses. After impairment, the carrying values of the remaining long-lived tangible and ROU assets were not material.

Trunk Club Wind-down

During the first quarter of 2022, in conjunction with the decision to sunset the Trunk Club brand, we incurred non-cash impairment charges related to a Trunk Club property to adjust the carrying values to their estimated fair value. These charges are included in our Retail segment SG&A expense on the Consolidated Statement of Earnings and in asset impairment on the Consolidated Statement of Cash Flows.

During the second quarter of 2022, we also incurred additional costs of \$8 associated with the wind-down of Trunk Club. These expenses are primarily included in our Retail segment cost of sales and related buying and occupancy costs on the Consolidated Statement of Earnings. These All charges are classified as operating on the Consolidated Statement of Cash Flows.

2020 Store Closures

In 2020, as we optimized our mix of physical and digital assets to align with longer-term customer trends, we closed 16 Nordstrom stores, six Trunk Club clubhouses and three Jeffrey boutiques. In conjunction with these closures, we incurred non-cash impairment charges on long-lived tangible and ROU assets, primarily associated with the Nordstrom store closures, to adjust the carrying values to their estimated fair value. These charges are primarily included in our Retail segment SG&A expense on the Consolidated Statement of Earnings.

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Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the related net assets acquired and is not subject to amortization. We review our goodwill annually for impairment, as of the first day of the fourth quarter, or when circumstances indicate that the carrying value may exceed the fair value. We perform this evaluation at the Nordstrom and NordstromRack.com reporting unit level, all within in our Retail segment. Our goodwill is allocated to two reporting units, Nordstrom and NordstromRack.com. When evaluating these assets for impairment, we may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If we determine that it is more likely than not that the carrying value exceeds the fair value of the reporting unit, we perform a quantitative fair value test. We may also choose to bypass this qualitative assessment and perform the quantitative assessment.

As of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, we had goodwill of \$249. To determine fair value, we compare the carrying value of the reporting unit to its estimated fair value, which is based on the expected present value of future cash flows (income approach), comparable public companies (market approach) or a combination of both. Determining fair value using these approaches requires management assumptions, estimations and judgements judgments regarding factors like overall economic conditions, prospective financial information, growth rates, terminal value, discount rates and market multiples. If fair value is lower than the carrying value, an impairment charge is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. Based on the results of our tests, fair value exceeded carrying value, and we therefore had no goodwill impairment in 2023, 2022 2021 or 2020, 2021.

Investments

From time to time, we invest in financial interests of certain private companies and venture capital funds that align with our business and omni-channel strategies, which are recorded in other assets in the Consolidated Balance Sheets and proceeds from the sale of assets and other, net on the Consolidated Statements of Cash Flows. In July 2021, we acquired a minority interest in the Topshop, Topman, Miss Selfridge and HIIT brands through a strategic partnership with ASOS.com Ltd.

As of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, we held \$42 \$41 and \$35 \$42 of equity interests in certain venture capital funds, which are recorded at fair value using the practical expedient estimate of NAV or its equivalent. We had \$11 and \$4 in unfunded commitments related to these investments as of January 28, 2023 and January 29, 2022.

During the first quarter of 2022, in connection with the sale of a limited partnership interest in a corporate office building, we recognized a gain of \$51 in our Corporate/Other SG&A expense in the Consolidated Statement of Earnings and \$73 in proceeds from the sale of assets and other, net on the Consolidated Statement of Cash Flows.

Self-Insurance

We retain a portion of the risk for certain losses related to employee health and welfare, workers' compensation and other liability claims. Liabilities associated with these losses include undiscounted estimates of both losses reported and losses incurred but not yet reported. We estimate our ultimate cost using an actuarially-based analysis of claims experience, regulatory changes and other relevant factors.

Foreign Currency

As On March 2, 2023, Nordstrom Canada commenced a wind-down of January 28, 2023, our Canadian operations were comprised of the Nordstrom.ca website, six Nordstrom stores and seven Nordstrom Rack stores, its business operations. The functional currency of our Canadian operations is was the Canadian Dollar. We translate Prior to deconsolidation, we translated assets and liabilities into U.S. Dollars using the exchange rate in effect at the balance sheet date, while we translate translated revenues and expenses using an average exchange rate for the period. We record recorded these translation adjustments as a component of accumulated other comprehensive loss on the Consolidated Balance Sheets. In the first quarter of 2023, we recognized a charge of \$33 related to the derecognition of the accumulated comprehensive loss on foreign currency translation (see Note 2: Canada Wind-down).

Reclassification

We reclassified amounts in our fiscal 2022 and 2021 Consolidated Statements of Cash Flows to conform with current period presentation. As a result, we aggregated:

- Accounts receivable, net with prepaid expenses and other assets into other current and noncurrent assets
- Other current liabilities with other liabilities into other current and noncurrent liabilities
- Tax withholding on share-based awards with other financing, net

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. 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 on our disclosures.

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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.

NOTE 2: CANADA WIND-DOWN

Background
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. Accordingly, Nordstrom Canada commenced a wind-down of its business operations, (see obtaining an Initial Order from the Ontario Superior Court of Justice under the CCAA on March 2, 2023 to facilitate the wind-down in an orderly fashion. Nordstrom Canada's e-commerce platform ceased operations on March 2, 2023 and the closure of six Nordstrom and seven Nordstrom Rack stores was completed in June 2023. Significant developments in the case, including a creditor vote to approve a Plan of Compromise and Arrangement and a court hearing to sanction that plan and authorize its implementation are scheduled to occur in the first quarter of 2024. Distributions to creditors, including distributions to Nordstrom, Inc. as a creditor of Nordstrom Canada, are expected to be substantially complete by the end of 2024.

The Ontario Superior Court of Justice has appointed a monitor to oversee the wind-down process. Subsequent to the CCAA filing, Nordstrom has been providing limited support to Nordstrom Canada for the purpose of supporting an orderly wind-down, including providing shared services and temporary use of intellectual property.

Wind-down Charges and Deconsolidation of Nordstrom Canada
The following table details the pre-tax charges associated with the wind-down of operations in Canada:

Fiscal year	2023
Loss on Canada write-off ¹	\$176
Accumulated translation loss reclassified to earnings ²	33
Contingent liabilities	70
Other exit costs ²	5
Total pre-tax charges	\$284

¹ Non-cash amounts are included in Canada wind-down costs on the Consolidated Statement of Cash Flows.
² Other exit costs include funding an employee trust, net of expected recoveries, and professional fees.

These charges are primarily included in Corporate/Other in Note 15: *Subsequent Events for more information*). Segment Reporting. The decrease in cash due to the deconsolidation of Nordstrom Canada is included in investing activities on the Consolidated Statement of Cash Flows and all other impacts are included in operating cash flows.

Loss on Canada Write-off and Accumulated Translation Loss
While Nordstrom continues to own 100% of the shares of Nordstrom Canada, as of March 2, 2023, the date of the CCAA filing, 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.

For the year ended February 3, 2024, we recorded a pre-tax loss on Canada write-off of \$176 that included the derecognition of Nordstrom Canada's assets and liabilities and the write-down of both our Nordstrom Canada investment and related-party receivables to estimated fair value. In addition, we recognized a charge of \$33 related to the derecognition of the accumulated comprehensive loss on foreign currency translation.

To assess the estimated fair value of our U.S. operations incur certain expenditures denominated in Canadian Dollars Nordstrom Canada investment and our Canadian operations incur certain expenditures denominated related-party receivables, we estimated the assets available for distribution in U.S. Dollars. This activity results in transaction gains relation to expected claims. At the time of filing for CCAA protection on March 2, 2023, the estimated amount of Nordstrom Canada's liabilities exceeded the estimated fair value of assets available for distribution to creditors, and losses that arise from exchange rate fluctuations, which are we believed we would not recover a significant portion of our receivables. As a result, our fair value was recorded as gains or losses zero in the our Condensed Consolidated Statements Balance Sheets as of Earnings April 29, 2023. As of February 3, 2024, we adjusted our receivables by an immaterial amount based on currently available information.

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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 Consolidated Balance Sheets at estimated fair value. As of February 3, 2024, Nordstrom had a net outstanding liability to Nordstrom Canada of \$52 related to certain intercompany charges incurred prior to deconsolidation.

Contingent Liabilities and Guarantees

In the third quarter of 2023, Nordstrom, Inc. reached a settlement with former landlords related to guarantees of certain lease obligations of Nordstrom Canada. As part of the agreements, we made cash payments to the former landlords in exchange for a release of substantially all our guarantee obligations, as well as the right to these landlords' distributions from Nordstrom Canada as part of the CCAA proceedings.

Employee Trust

In connection with the filing, Nordstrom contributed \$11 to establish an employee trust to fund termination and severance payments to employees of Nordstrom Canada. As of February 3, 2024, the trust has been terminated.

Debtor-in-Possession Financing

If needed, Nordstrom has agreed to provide Nordstrom Canada debtor-in-possession financing up to \$11. However, we believe Nordstrom Canada has sufficient liquidity to sustain operations through the wind-down period and therefore it is not likely that any amounts would need to be borrowed from Nordstrom. As of February 3, 2024, there were no outstanding borrowings.

Estimates

As of February 3, 2024, we recorded \$71 in accounts receivable, net on the Consolidated Balance Sheets to reflect the amount we believe probable of receipt as part of the claims process. This includes receipts related to the rights to the former landlords' distributions, reimbursement of employee trust contributions and other receivables existing at the time of deconsolidation. The receivable and our other estimates are dependent on the outcome of the Nordstrom Canada wind-down process, including the amount of third-party and Nordstrom claims asserted and recognized in the claims process, the amount of assets available for distribution and the approval of the CCAA plan of arrangement by the Ontario Superior Court of Justice, which we expect to have updated information on in the first quarter of 2024. We continue to work through the wind-down process and our estimates of net losses are based on currently available information, our assessment of the validity of certain expected claims and our assessment of the recoverability of amounts receivable from Nordstrom Canada. These estimates may change as new information becomes available and it is reasonably possible that they may materially change from the estimated amounts. Increases in estimated costs to settle claims and decreases in estimated assets available for distribution may result in additional material charges. At the same time, any future decreases in estimated costs to settle claims or increases in estimated assets available for distribution may result in a gain, which would reduce our estimated charges.

Income Taxes

For the year ended February 3, 2024, we recognized net tax benefits of \$95 primarily related to the write-off of our investment in Canada, net of tax expense related to an increase in valuation allowance for Canada deferred tax assets.

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NOTE 2: 3: REVENUE

Contract Liabilities

Contract liabilities represent our obligation to transfer goods or services to customers and include deferred revenue for The Nordy Club (including points and Nordstrom Notes), gift cards and our amended 2022 TD program agreement. Our contract liabilities are classified on the Consolidated Balance Sheets as follows:

		Other current liabilities	Other liabilities
Balance as of			
January 30, 2021		\$478	\$—
		Other current liabilities	Other liabilities
Balance as of			
January 29, 2022		478	—
Balance as of			
January 28, 2023		536	136

Balance
as of
February
3, 2024

Contract liabilities increased during 2022 primarily as a result of deferred revenue recorded in connection with our amended 2022 TD program agreement. Revenues recognized from our beginning contract liability balance were \$265 \$316 and \$244 \$265 for the years ended January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023.

Disaggregation of Revenue

The following table summarizes our disaggregated net sales:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Nordstrom	Nordstrom	\$10,279	\$9,640	\$6,997	Nordstrom	\$9,436	\$10,279	\$9,640
Nordstrom Rack	Nordstrom Rack	4,813	4,762	3,360	Nordstrom Rack	4,783	4,813	4,762
Total net sales	Total net sales	\$15,092	\$14,402	\$10,357	Total net sales	\$14,219	\$15,092	\$14,402
Digital sales as a % of total net sales	Digital sales as a % of total net sales	38%	42%	55%				
Digital sales as a % of total net sales								
Digital sales as a % of total net sales						36%	38%	42%

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

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Women's Apparel	Women's Apparel	28%	28%	29%	Women's Apparel	27%		28%
Shoes	Shoes	26%	25%	26%	Shoes	26%	26%	25%
Men's Apparel	Men's Apparel	15%	14%	12%	Men's Apparel	15%	15%	14%
Beauty					Beauty	13%		12%
Accessories	Accessories	13%		14%	Accessories	12%	13%	14%
Beauty		12%		12%				
Kids' Apparel	Kids' Apparel	3%		4%	Kids' Apparel	4%	3%	4%
Other	Other	3%		3%	Other	3%		3%
Total net sales	Total net sales	100 %	100 %	100 %	Total net sales	100 %	100 %	100 %

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Notes to Consolidated Financial Statements

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NOTE 3: 4: LAND, PROPERTY AND EQUIPMENT

Land, property and equipment consist of the following:

	January 28, 2023	January 29, 2022
Land and land improvements	\$288	\$285
Buildings and building improvements	1,352	1,338
Leasehold improvements	3,389	3,350
Store fixtures and equipment	4,138	4,038

Capitalized software	2,151	1,915
Construction in progress	322	373
Land, property and equipment	11,640	11,299
Less: accumulated depreciation and amortization	(8,289)	(7,737)
Land, property and equipment, net	\$3,351	\$3,562

Our net non-cash investing activities primarily related to Nordstrom New York City flagship store and our Supply Chain Network capital expenditure accruals and resulted in a decrease to accounts payable of \$48 in 2021.

	February 3, 2024	January 28, 2023
Land and land improvements	\$283	\$288
Buildings and building improvements	1,365	1,352
Leasehold improvements	3,103	3,389
Store fixtures and equipment	3,873	4,138
Capitalized software	2,439	2,151
Construction in progress	365	322
Land, property and equipment	11,428	11,640
Accumulated depreciation and amortization	(8,251)	(8,289)
Land, property and equipment, net	\$3,177	\$3,351

NOTE 4: 5: LEASES

We lease the land, buildings, or land and buildings for many of our stores, office facilities and Supply Chain Network facilities, as well as equipment. The following table summarizes the majority of our fixed, non-cancellable non-cancelable lease terms:

Property Type	Lease Term (in years)
Nordstrom stores	15 – 30
Nordstrom Rack stores	Approximately 10
Office and Supply Chain Network facilities	5 – 20

Many of our leases include options that allow us to extend the lease term beyond the initial commitment period. At the commencement of a lease, we generally include only the initial lease term as we have determined that options to extend are not reasonably certain to occur. The exercise of lease renewal options is generally at our sole discretion. At the renewal of an expiring lease, we reassess our options in the agreement and include all reasonably certain extensions in the measurement of our lease term.

Most of our leases also require us to pay certain expenses, such as common area maintenance charges, real estate taxes and other executory costs, the fixed portion of which is included in Operating Lease Cost. Cost, as we combine lease and non-lease components. We recognize Operating Lease Cost, which is primarily included in occupancy costs, on a straight-line basis over the lease term. Variable lease cost includes payments for variable common area maintenance charges and additional payments based on a percentage of sales, which are recognized when probable. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table summarizes the components of lease cost:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Operating Lease Cost	Operating Lease Cost	\$280	\$265	\$263				
Variable lease cost	Variable lease cost	97	100	100				
Sublease income	Sublease income	(19)	(20)	(19)				
Total lease cost, net	Total lease cost, net	\$358	\$345	\$344				

1 Variable lease cost includes short-term lease cost, which was immaterial in 2023, 2022 2021 and 2020, 2021.

The following table summarizes future lease payments as of **January 28, 2023** **February 3, 2024**:

Fiscal year	Fiscal year	Operating Leases
2023		\$339
Fiscal year		
Fiscal year		Operating Leases
2024	2024	344
2025	2025	295
2026	2026	247
2027	2027	198
2028		
Thereafter	Thereafter	793
Total lease payments ^{1,2}		2,216
Total lease payments ¹		
Less: amount representing interest		(432)
Present value of net lease payments ³		\$1,784
Amount representing interest		
Amount representing interest		
Amount representing interest		
Present value of net lease payments ²		

¹ Total lease payments do not include payments for variable lease costs that are required by most of our lease agreements.

² Total lease payments include Nordstrom Canada future lease payments. On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations (see Note 15: Subsequent Events for more information).

³ Net lease payments exclude \$101 \$139 of lease payments for operating leases that were signed but not yet commenced as of **January 28, 2023** **February 3, 2024**.

The following table includes supplemental information:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Cash paid related to operating lease liabilities	Cash paid related to operating lease liabilities	\$354	\$371	\$332				
Operating lease interest	Operating lease interest	85	87	95				
Operating lease liabilities arising from lease agreements	Operating lease liabilities arising from lease agreements	260	137	79				
			January	January				
			January 28, 2023	29, 2022				

Senior notes, 5.00%, due January 2044 ¹	Senior notes, 5.00%, due January 2044 ¹	905	903
Deferred bond issuance costs	Deferred bond issuance costs	(20)	(21)
Total long-term debt	Total long-term debt	\$2,856	\$2,853
Current portion of debt			
Current portion of debt			
Current portion of debt			
Total due beyond one year			

¹ The unamortized discount on these notes was \$61 \$57 and \$63 \$61 as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023.

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Required principal payments on long-term debt are as follows:

Fiscal year ¹	Fiscal year ¹	
2023		\$—
2024		
2024		
2024	2024	250
2025	2025	—
2026	2026	—
2027	2027	350
2028		
Thereafter	Thereafter	2,339

¹ Required principal payments exclude estimated future interest payments of \$1.656 \$1.519 as of January 28, 2023 February 3, 2024, with \$141 \$136 payable within one year.

During the first quarter of 2021, we issued \$250 aggregate principal amount of 2.30% senior notes due April 2024 and \$425 aggregate principal amount of 4.25% senior notes due August 2031. With the net proceeds of these new notes, together with cash on hand, we retired our \$600 Secured Notes. We recorded recorded \$88 related to the redemption in interest expense, net, which primarily consisted of a one-time payment of \$78 for a "make-whole" "make-whole" premium, and the write-off of unamortized balances associated with the debt discount and issuance costs. The "make-whole" premium payment was not included in cash paid during the period for interest, net of capitalized interest in the Supplemental Cash Flow Information.

During the second quarter of 2021, we retired our 4.00% senior notes that were due October 2021 using cash on hand.

Interest Expense

The components of interest expense, net are as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Interest on long-term debt and short-term borrowings	Interest on long-term debt and short-term borrowings	\$150	\$258	\$199				
Less:								
Interest income								
Interest income								

Interest income	Interest income	(10)	(1)	(3)
Capitalized interest	Capitalized interest	(12)	(11)	(15)
Interest expense, net	Interest expense, net	\$128	\$246	\$181

Credit Facilities

During On March 1, 2023, we amended our Revolver originally dated May 6, 2022. Prior to this amendment, Nordstrom Canada Retail, Inc. was a loan party under the second quarter Revolver and the obligations under the Revolver were secured, in part, by the assets of 2022, this subsidiary. As a result of this amendment, Nordstrom Canada Retail, Inc. was removed as a loan party and obligations under the Revolver are no longer secured by these assets. In addition, this amendment excludes as subsidiaries or affiliates all Nordstrom Canada entities and carves out certain CCAA-related expenses and obligations from financial covenants under the Revolver.

As of February 3, 2024 and January 28, 2023, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new \$800 had no outstanding borrowings under the Revolver that expires in May 2027. Consistent with our prior revolving Our short-term borrowing capacity was reduced by \$30 to \$770 as a result of issuing a standby letter of credit agreement, any in the fourth quarter of 2023. 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 January 28, 2023 February 3, 2024, we were in compliance with all covenants.

The Revolver provides 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 with additional flexibility, compared with our prior revolving credit facility, for to issue dividends and share repurchases, 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.

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. 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. In 2022, we borrowed \$100 under our Revolver during the third quarter, which was fully repaid in the fourth quarter. Any outstanding borrowings are classified in total 56.62 current liabilities on the Consolidated Balance Sheets. As of January 28, 2023 and January 29, 2022, we had no borrowings outstanding under our Revolver.

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Notes to Consolidated Financial Statements

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

On March 1, 2023, we amended our Revolver agreement in contemplation of a wind-down of business operations in Canada (see Note 15: Subsequent Events for more information).

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 January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, we had no issuances outstanding under our commercial paper program.

NOTE 6: FAIR VALUE MEASUREMENTS

We disclose our financial assets and liabilities that are measured at fair value in our 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

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 were 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:

	January 28, 2023	January 29, 2022
Carrying value of long-term debt	\$2,856	\$2,853

Fair value of long-term debt	2,278	2,758
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Non-financial Assets Measured at Fair Value on a Nonrecurring Basis

	February 3, 2024	January 28, 2023
Carrying value of long-term debt	\$2,862	\$2,856
Fair value of long-term debt	2,441	2,278

We also measure certain non-financial assets 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. We estimate the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements. For more information regarding long-lived tangible and ROU asset impairment charges, see Note 1: Nature of Operations and Summary of Significant Accounting Policies.

During the year ended February 3, 2024, we measured our investment in Nordstrom Canada, our related-party receivables and related lease guarantees at fair value (see Note 2: Canada Wind-down).

Investments Measured at NAV

We have certain investments that 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. For more information regarding investments measured at NAV, see Note 1: Nature of Operations and Summary of Significant Accounting Policies.

NOTE 7: 8: SELF-INSURANCE

Our self-insurance reserves are summarized as follows:

		January 28, 2023		January 29, 2022	
February 3, 2024		February 3, 2024		January 28, 2023	
Workers' compensation	Workers' compensation	\$78	\$77		
Employee health and welfare	Employee health and welfare	26	28		
Other liability	Other liability	12	20		
Total self-insurance reserves	Total self-insurance reserves	\$116	\$125		

We are self-insured for the majority of our workers' compensation programs, employee health and welfare coverage and other liability.

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Notes to Consolidated Financial Statements

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

Our workers' compensation policies have a retention per claim of \$1 or less and no policy limits. Approximately 30% of our workers' compensation obligations are payable within one year. In connection with our workers' compensation programs, we have a standby letters letter of credit issued on our behalf with \$13 available and \$2 outstanding as of January 28, 2023 February 3, 2024. These letters This letter of credit are is not reflected in our Consolidated Balance Sheets.

Our employee health and welfare programs do not use stop-loss coverage and participants contribute to the cost of their coverage through premiums and out-of-pocket expenses for deductibles, co-pays copays and co-insurance, coinsurance.

Other liability primarily includes commercial general liability obligations. Our commercial general liability policy, with a limit up to \$101, \$111, has a retention per claim of \$1 or less. Approximately 60% 50% of our other liability reserve obligations are payable within one year. Beginning in 2021, we no longer carry an employment practices liability policy.

NOTE 8: 9: SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

We have a SERP, which provides retirement benefits to certain officers and select employees. The SERP has different benefit levels depending on the participant's role. At the end of 2022, 2023, we had had 57 participants in the plan, including seven five officers and select employees eligible for SERP benefits, 47 retirees and three five beneficiaries. This plan

is ~~non-qualified~~ ~~nonqualified~~ and does not have a minimum funding requirement. We selected the measurement date of January 31, the calendar month end closest to our fiscal year end, to value our SERP.

Benefit Obligations Obligation and Funded Status

Our benefit obligation and funded status is as follows:

		January 28, 2023		January 29, 2022	
February 3, 2024		February 3, 2024		January 28, 2023	
Change in benefit obligation:	Change in benefit obligation:				
Benefit obligation at beginning of year					
Benefit obligation at beginning of year					
Benefit obligation at beginning of year	Benefit obligation at beginning of year	\$212	\$229		
Participant service cost	Participant service cost	2	2		
Interest cost	Interest cost	6	5		
Benefits paid	Benefits paid	(10)	(10)		
Actuarial (gain) loss		(34)	(14)		
Actuarial gain					
Benefit obligation at end of year	Benefit obligation at end of year	176	212		
Benefit obligation at end of year					
Benefit obligation at end of year					
Change in plan assets:	Change in plan assets:				
Fair value of plan assets at beginning of year					
Fair value of plan assets at beginning of year					
Fair value of plan assets at beginning of year	Fair value of plan assets at beginning of year	—	—		
Employer contribution	Employer contribution	10	10		
Benefits paid	Benefits paid	(10)	(10)		
Fair value of plan assets at end of year	Fair value of plan assets at end of year	—	—		
Underfunded status at end of year	Underfunded status at end of year	(\$176)	(\$212)		

The accumulated benefit obligation, which is the present value of benefits, assuming no future compensation changes, was \$175 \$168 and \$211 \$175 at the end of 2022 2023 and 2021 2022. Amounts recognized as liabilities in the Consolidated Balance Sheets consist of the following:

		January 28, 2023		January 29, 2022	
		February 3, 2024		February 3, 2024	
				January 28, 2023	
Accrued salaries, wages and related benefits	Accrued salaries, wages and related benefits	\$11	\$11		
Other liabilities (noncurrent)	Other liabilities (noncurrent)	165	201		
Net amount recognized	Net amount recognized	\$176	\$212		

Components of SERP Expense

The components of SERP expense recognized in SG&A expense on the Consolidated Statements of Earnings are as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Participant service cost	Participant service cost	\$2	\$2	\$2				
Interest cost	Interest cost	6	5	6				
Amortization of net loss and other	Amortization of net loss and other	4	8	9				
Total SERP expense	Total SERP expense	\$12	\$15	\$17				

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Notes to Consolidated Financial Statements

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

Accumulated Other Comprehensive Loss Gain (Loss)

Amounts recognized in accumulated other comprehensive loss gain (loss) (pre-tax) consist of the following:

	2022	2021	2020
Actuarial (gain) loss	(\$34)	(\$14)	\$7
Amortization of net loss and other	(4)	(8)	(9)
Amounts recognized in accumulated other comprehensive loss	(\$38)	(\$22)	(\$2)

Fiscal year	2023	2022	2021
Actuarial gain	(\$7)	(\$34)	(\$14)
Amortization of net loss and other	—	(4)	(8)
Amounts recognized in accumulated other comprehensive gain (loss)	(\$7)	(\$38)	(\$22)

Assumptions

Weighted-average assumptions used to determine our benefit obligation and SERP expense are as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
-------------	-------------	------	------	------	-------------	------	------	------

Assumptions used to determine benefit obligation:	Assumptions used to determine benefit obligation:			
Discount rate	Discount rate	4.95 %	3.19 %	2.62 %
Discount rate				
Discount rate			5.27 %	4.95 %
				3.19 %
Rate of compensation increase	Rate of compensation increase	2.50 %	2.50 %	2.50 %
Rate of compensation increase			2.50 %	2.50 %
				2.50 %
Assumptions used to determine SERP expense:	Assumptions used to determine SERP expense:			
Discount rate	Discount rate	3.19 %	2.62 %	2.97 %
Discount rate				
Discount rate			4.95 %	3.19 %
				2.62 %
Rate of compensation increase	Rate of compensation increase	2.50 %	2.50 %	2.50 %
Rate of compensation increase			2.50 %	2.50 %
				2.50 %

Future Benefit Payments and Contributions

As of **January 28, 2023** **February 3, 2024**, the expected future benefit payments based upon the assumptions described above and including benefits attributable to estimated future employee service are as follows:

Fiscal year	Fiscal year	
2023		\$11
2024		
2024		
2024	2024	12
2025	2025	12
2026	2026	13
2027	2027	13
2028 – 2032		62
2028		
2029 – 2033		
Thereafter	Thereafter	53

NOTE 9: 10: STOCK-BASED COMPENSATION

Under our deferred and stock-based compensation plan arrangements, we issued **2.4**, **3.4** **1.6** and **2.2** **1.6** shares of common stock in **2023**, **2022** **2021** and **2020**, **2021**. On **June 6, 2023**, our shareholders approved an amendment to the 2019 Equity Incentive Plan. The amendment increases common stock available for issuance by **15.0** shares. Under the 2019 Plan, the aggregate number of shares to be issued may not exceed **24.5** **39.5** plus any shares currently outstanding under the 2010 Plan that are forfeited or expire during the term of the 2019 Plan. As of **January 28, 2023** **February 3, 2024**, we had **24.5** **39.5** shares authorized, **13.6** **14.8** shares issued and outstanding and **13.9** **23.9** shares remaining available for future grants under the 2019 Plan.

Under the ESPP, employees may make payroll deductions of up to 15% of their base compensation for the purchase of Nordstrom common stock. At the end of each six-month offering period, participants apply their accumulated payroll deductions toward the purchase of shares of our common stock at 90% of the fair market value on the last day of the offer period. On **June 6, 2023**, our shareholders approved an amendment under the ESPP. The amendment increases common stock available for purchase by **3.5** shares. As of **January 28, 2023** **February 3, 2024**, we had **16.1** shares **19.6** shares authorized and **2.4** **4.9** shares available for issuance under the ESPP. We issued **1.0**, **0.9** **0.5** and **1.0** **0.5** shares under the ESPP during **2023**, **2022** **2021** and **2020**, **2021**. At the end of **2022** **2023** and **2021**, **2022**, we had current liabilities of **\$6** for **\$5** and **\$6** for future purchases of shares under the ESPP.

The following table summarizes our stock-based compensation expense:

Fiscal year	2022	2021	2020
RSUs	\$41	\$52	\$53
Stock options	11	22	12
Other ¹	7	5	2

Total stock-based compensation expense, before income tax benefit	59	79	67
Income tax benefit	(15)	(20)	(26)
Total stock-based compensation expense, net of income tax benefit	\$44	\$59	\$41

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

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

The following table summarizes our stock-based compensation expense:

Fiscal year	2023	2022	2021
RSUs	\$40	\$41	\$52
Stock options	6	11	22
Other ¹	6	7	5
Total stock-based compensation expense, before income tax benefit	52	59	79
Income tax benefit	(13)	(15)	(20)
Total stock-based compensation expense, net of income tax benefit	\$39	\$44	\$59

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

The stock-based compensation expense before income tax benefit was recorded in our Consolidated Statements of Earnings as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Cost of sales and related buying and occupancy costs	Cost of sales and related buying and occupancy costs	\$9	\$15	\$16				
SG&A expenses	SG&A expenses	50	64	51				
Total stock-based compensation expense, before income tax benefit	Total stock-based compensation expense, before income tax benefit	\$59	\$79	\$67				

Restricted Stock

Our Compensation, People and Culture Committee of our Board of Directors approves grants of restricted stock units to employees. The number of units granted to an individual are determined based upon award amounts and the fair value of the restricted stock units at the time of grant. Restricted stock units typically vest over four years.

A summary of restricted stock unit activity for 2022 2023 is presented below:

Fiscal year	Fiscal year	2022	Fiscal year	2023	
		Weighted-average grant date fair value			
		Shares	per unit	Shares	Weighted-average grant date fair value per unit
Outstanding, beginning of year	Outstanding, beginning of year	4.6	\$36		
Granted	Granted	3.1	21		
Vested	Vested	(2.3)	27		
Forfeited or cancelled		(0.8)	26		

Forfeited or canceled			
Outstanding, end of year	Outstanding, end of year	4.6	\$32

The aggregate fair value of restricted stock units vested during 2023, 2022 and 2021 was \$33, \$62 and 2020 was \$62, \$50 and \$44, \$50. As of January 28, 2023 February 3, 2024, the total unrecognized stock-based compensation expense related to nonvested restricted stock units was \$66, \$69, which is expected to be recognized over a weighted-average period of 29 24 months.

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

Stock Options

Our Compensation, People and Culture Committee of our Board of Directors approves grants of non-qualified nonqualified stock options to employees. The number of awards granted to an individual are determined based upon award amounts and the fair value of stock options at the time of grant. Our options primarily vest equally over a four-year period or at the end of two years, and expire ten years after the date of grant. We used the following assumptions to estimate the fair value for stock options at each grant date:

Fiscal year	Fiscal year	2022	2021 ₁	2020 ₂	Fiscal year	2023	2022	2021 ₁
Assumptions	Assumptions							
	Risk-free interest rate: Represents the yield on U.S. Treasury zero-coupon securities that mature over the 10-year life of the stock options.	1.18%	0.11%	0.18%				
		1.95%	1.51%	0.62%				
	Weighted-average volatility: Based on a combination of the historical volatility of our common stock and the implied volatility of exchange-traded options for our common stock.	52.4 %	52.2 %	60.1 %				
	Weighted-average expected dividend yield: Our forecasted dividend yield for the next 10 years.	3.4 %	3.4 %	3.4 %				

Expected life in years: Represents the estimated period of time until option exercise. The expected term of options granted was based on our historical exercise behavior, taking into consideration the contractual term of the option and our employees' expected exercise and post-vesting employment termination behavior.	8.3	8.3	7.7	
Risk-free interest rate ₂				
Risk-free interest rate ₂				
Risk-free interest rate ₂	3.98% – 5.05%	1.18% – 1.95%	0.11% – 1.51%	
Weighted-average volatility ₃	Weighted-average volatility ₃	52.3 %	52.4 %	52.2 %
Weighted-average expected dividend yield ₄	Weighted-average expected dividend yield ₄	3.8 %	3.4 %	3.4 %
Expected life in years ₅	Expected life in years ₅	8.2	8.3	
Grant Date Information	Grant Date Information			
Date of grant	March 3, 2022	March 4, 2021	June 1, 2020	
Weighted-average fair value per option	\$10	\$13	\$7	
Exercise price per option	\$26	\$36	\$17	
Grant Date Information	Grant Date Information			
Date of grant				
Date of grant				
Date of grant	March 6, 2023	March 3, 2022	March 4, 2021	
Weighted-average fair value per option				
Exercise price per option				

¹ The options granted on March 4, 2021 include market performance-based stock options with a contractual term of ten years that were awarded to certain members of senior management as well as time-based options. The price-hurdle options contain a market condition that requires the closing price of our stock to meet or exceed certain price thresholds for 20 consecutive trading days in order for shares to vest.

²Additional Represents the yield on U.S. Treasury securities that mature over the 10-year life of the stock options.

³non-qualified Based on a combination of the historical volatility of our common stock and the implied volatility of exchange-traded options for our common stock.

⁴ Our forecasted dividend yield for the next 10 years.

⁵ Derived from the output of the binomial lattice model and represents the estimated period of time until option exercise. The expected term of options granted is based on our historical exercise behavior, taking into consideration the contractual term of the option and our employees' expected exercise and post-vesting employment termination behavior.

A summary of stock option activity for 2023 is presented below:

Fiscal year	2023			
	Shares	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value ¹
Outstanding, beginning of year	8.5	\$38		
Granted	1.1	20		
Exercised	(0.3)	16		
Forfeited or canceled	(1.7)	44		
Outstanding, end of year	7.6	\$35	5	\$5
Exercisable, end of year	4.8	\$40	4	\$5
Fiscal year	2023		2022	2021
Aggregate intrinsic value of options exercised	\$1		\$4	\$—
Fair value of stock options vested	\$4		\$27	\$2

¹ The aggregate intrinsic value represents the amount realized if all in-the-money options were exercised on the final business day before February 3, 2024.

As of February 3, 2024, the total unrecognized stock-based compensation expense related to nonvested stock options were also granted was \$6, which is expected to certain company leaders on August 27, 2020 at an exercise price per option be recognized over a weighted-average period of \$15. The assumptions used to estimate the fair value for the additional stock options were similar to the 2020 grant assumptions presented in this table. In 2020, we also granted stock options to certain qualified employees outside of the June and August grant dates, which were insignificant in aggregate, 10 months.

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A summary of stock option activity for 2022 is presented below:

Fiscal year	2022			
	Shares	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value ¹
Outstanding, beginning of year	10.4	\$39		
Granted	1.1	26		
Exercised	(0.9)	15		
Forfeited or cancelled	(2.1)	47		
Outstanding, end of year	8.5	\$38	5	\$6
Vested, end of year	6.3	\$41	4	\$6
Vested or expected to vest, end of year	7.6	\$39	5	\$6
Fiscal year	2022		2021	2020
Aggregate intrinsic value of options exercised	\$4		\$—	\$1
Fair value of stock options vested	\$27		\$2	\$8

¹ The aggregate intrinsic value represents the amount realized if all in-the-money options were exercised on the final business day before January 28, 2023.

As of January 28, 2023, the total unrecognized stock-based compensation expense related to nonvested stock options was \$5, which is expected to be recognized over a weighted-average period of 32 months.

NOTE 10: 11: SHAREHOLDERS' EQUITY

We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement (see Note 5: 6: Debt and Credit Facilities).

Share Repurchases

Changes in the number of issued and outstanding shares of our common stock in 2023, 2022 2021 and 2020 2021 are the result of share repurchases and compensation plan issuances (see Note 9: 10: Stock-based Compensation).

Share Repurchases

In May 2022, our Board of Directors authorized a new program to repurchase up to \$500 of our outstanding common stock, with no expiration date, which replaced the August 2018 program. The following is a summary of the activity related to our share repurchase programs in 2022, 2021 and 2020: programs:

		Average price	
		Shares	per share Amount
Capacity at February 1, 2020			\$707
Shares repurchased		—	—
		Shares	Average price per share
Capacity at January 30, 2021	Capacity at January 30, 2021		707
Shares repurchased	Shares repurchased	—	—
Shares repurchased			
Shares repurchased			
Capacity at January 29, 2022			
Capacity at January 29, 2022			
Capacity at January 29, 2022	Capacity at January 29, 2022		707
August 2018 program termination	August 2018 program termination		(707)
May 2022 program authorization (no expiration)	May 2022 program authorization (no expiration)		500
Shares repurchased	Shares repurchased	2.8	\$22 (62)
Capacity at January 28, 2023	Capacity at January 28, 2023		\$438
Shares repurchased ₁			
Capacity at February 3, 2024 ₁			

¹ Subtotal of ending share repurchase capacity may not foot due to rounding.

Dividends

We paid dividends of \$0.76 per share in 2023 and in 2022 and none in 2021 and \$0.37 per share in 2020, 2021. In February 2023, 2024, subsequent to year end, we declared a quarterly dividend of \$0.19 per share, which will be paid on March 29, 2023 March 27, 2024 to shareholders of record as of March 14, 2023 March 12, 2024.

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

Rights Plan

In September 2022, our Board of Directors approved a [shareholder rights agreement](#) and declared a dividend of one right for each outstanding share of Nordstrom common stock to shareholders of record on September 30, 2022. In June 2023, shareholders approved an advisory vote on the extension of our Rights Plan at our 2023 Annual Meeting, and in August 2023, the Board of Directors extended the expiration date to September 19, 2025, unless redeemed, exchanged or terminated earlier by our Board. Each right entitles holders to purchase one newly issued share of Nordstrom common stock at an exercise price of \$94 per right, subject to adjustment. Initially, the rights are not exercisable and trade with our shares of common stock.

In general, the rights become exercisable following a public announcement that a person acquires 10% or more of the outstanding shares of Nordstrom common stock. If the rights are exercised, each holder (except the acquiring person) will have the right to receive common stock equal to two times the exercise price of the right. The Company may redeem the rights for \$0.001 per right anytime prior to the rights becoming exercisable. The agreement also provides for exceptions and additional terms for other certain situations and circumstances.

The Rights Plan is intended to protect the interests of Nordstrom and its shareholders by reducing the likelihood that any entity, person or group gains control of the Company through open-market accumulation or other means without payment of an adequate control premium and expires September 19, 2023, unless redeemed, exchanged or terminated earlier by our Board of Directors. There is currently no impact to our Consolidated Financial Statements.

NOTE 11: 12: INCOME TAXES

U.S. and foreign components of earnings before income taxes were as follows:

Fiscal year	2022	2021	2020
U.S.	\$316	\$241	(\$1,210)
Foreign	21	5	(18)
Earnings (loss) before income taxes	\$337	\$246	(\$1,228)

Income tax expense (benefit) consists of the following:

Fiscal year	2022	2021	2020
Current income taxes:			
Federal	\$149	\$61	(\$501)
State and local	27	18	(34)
Foreign	(1)	—	4
Total current income tax expense (benefit)	175	79	(531)
Deferred income taxes:			
Federal	(86)	(10)	47
State and local	(2)	(5)	(57)
Foreign	5	4	3
Total deferred income tax benefit	(83)	(11)	(7)
Total income tax expense (benefit)	\$92	\$68	(\$538)

Fiscal year	2023	2022	2021
U.S.	\$143	\$316	\$241
Foreign	4	21	5
Earnings before income taxes	\$147	\$337	\$246

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Income tax expense consists of the following:

Fiscal year	2023	2022	2021
Current income taxes:			

Federal	\$55	\$149	\$61
State and local	18	27	18
Foreign	—	(1)	—
Total current income tax expense	73	175	79
Deferred income taxes:			
Federal	(59)	(86)	(10)
State and local	(10)	(2)	(5)
Foreign	9	5	4
Total deferred income tax benefit	(60)	(83)	(11)
Total income tax expense	\$13	\$92	\$68

A reconciliation of the statutory federal income tax rate to the effective tax rate on earnings (loss) before income taxes is as follows:

Fiscal year	Fiscal year	2022	2021	2020					
Statutory rate	Statutory rate	21.0 %	21.0 %	21.0 %	Statutory rate	21.0 %	21.0 %	21.0 %	
CARES Act impact	CARES Act impact	—	(0.9 %)	17.6 %	CARES Act impact	—	—	(0.9 %)	(0.9 %)
State and local income taxes, net of federal income taxes	State and local income taxes, net of federal income taxes	5.9 %	3.4 %	6.1 %	State and local income taxes, net of federal income taxes	4.0 %	5.9 %	3.4 %	
Federal credits	Federal credits	(3.8 %)	(4.0 %)	0.5 %	Federal credits	(4.7 %)	(3.8 %)	(4.0 %)	
Non-deductible expenses	Non-deductible expenses	1.2 %	2.7 %	(0.3 %)	Non-deductible expenses	2.9 %	1.2 %	2.7 %	
Stock-based compensation	Stock-based compensation	1.8 %	2.0 %	(1.0 %)	Stock-based compensation	5.1 %	1.8 %	2.0 %	
Valuation allowance	Valuation allowance	0.4 %	1.8 %	(0.8 %)	Valuation allowance	6.6 %	0.4 %	1.8 %	
Taxes on foreign operations	Taxes on foreign operations	1.6 %	1.3 %	0.4 %	Taxes on foreign operations	1.5 %	1.6 %	1.3 %	
Excess tax over book loss on Canada wind-down									
Resolution of prior period tax matters									
Other, net	Other, net	(0.9 %)	0.2 %	0.3 %	Other, net	1.6 %	(0.9 %)	0.2 %	
Effective tax rate	Effective tax rate	27.2 %	27.5 %	43.8 %	Effective tax rate	8.6 %	27.2 %	27.5 %	

The components of deferred tax assets and liabilities are as follows:

	January 28, 2023	January 29, 2022
Deferred tax assets:		
Lease liabilities	\$463	\$471
Compensation and benefits accruals	111	133
Sales return reserve	61	59
Accrued expenses	28	27
Merchandise inventories	33	35
Gift cards	43	25
The Nordy Club loyalty program	8	5

Net operating losses	52	81
Other	25	9
Total deferred tax assets	824	845
Valuation allowance	(28)	(28)
Total deferred tax assets, net of valuation allowance	796	817
Deferred tax liabilities:		
ROU assets	(331)	(326)
Land, property and equipment	(230)	(327)
Debt exchange premium	(12)	(12)
Total deferred tax liabilities	(573)	(665)
Net deferred tax assets	\$223	\$152

The following sets forth information on approximate net operating loss carryforwards for income tax purposes:

	January 28, 2023	January 29, 2022
State	\$756	\$1,114
Foreign	26	50

The net operating loss carryforwards are subject to certain statutory limitations of applicable state and foreign laws. If not utilized, a portion of our state and foreign net operating loss carryforwards will begin to expire in 2024 and 2033.

As of January 28, 2023 and January 29, 2022, we believe there are certain foreign net operating loss carryforwards and deferred tax assets that will not be realized in the foreseeable future. As such, valuation allowances of \$28 have been recorded as of January 28, 2023 and January 29, 2022. The valuation allowance had no change in 2022 and increased \$4 in 2021.

	February 3, 2024	January 28, 2023
Deferred tax assets:		
Lease liabilities	\$425	\$463
Compensation and benefits accruals	104	111
Sales return reserve	56	61
Accrued expenses	31	28
Merchandise inventories	36	33
Gift cards	39	43
The Nordy Club loyalty program	2	8
Net operating losses	38	52
Other	36	25
Total deferred tax assets	767	824
Valuation allowance	(1)	(28)
Total deferred tax assets, net of valuation allowance	766	796
Deferred tax liabilities:		
ROU assets	(310)	(331)
Land, property and equipment	(164)	(230)
Debt exchange premium	(11)	(12)
Total deferred tax liabilities	(485)	(573)
Net deferred tax assets	\$281	\$223

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Nordstrom, Inc.

Notes to Consolidated Financial Statements

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

The following sets forth information on approximate net operating loss carryforwards for income tax purposes:

	February 3, 2024	January 28, 2023
State	\$621	\$756

Foreign	—	26
---------	---	----

The net operating loss carryforwards are subject to certain statutory limitations of applicable state laws. If not utilized, a portion of our state net operating loss carryforwards will begin to expire in 2024.

As of February 3, 2024 and January 28, 2023, the valuation allowance for deferred tax assets was \$1 and \$28. As a result of the wind-down of our Canada operations in 2023, the valuation allowance for foreign deferred tax assets increased \$9 and upon deconsolidation was written off to zero. The write-off of the deferred tax assets and corresponding valuation allowance for Canada was included in the Canada wind-down costs. In 2023, a valuation allowance of \$1 was recorded for state net operating loss carryforwards that will not be realized in the foreseeable future. There was no change to the valuation allowance in 2022.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Unrecognized tax benefit at beginning of year	Unrecognized tax benefit at beginning of year	\$47	\$32	\$22				
Gross increase to tax positions in prior periods	Gross increase to tax positions in prior periods	1	11	4				
Gross decrease to tax positions in prior periods	Gross decrease to tax positions in prior periods	(6)	—	—				
Gross increase to tax positions in current period	Gross increase to tax positions in current period	7	6	6				
Settlements	Settlements	(1)	(2)	—				
Settlements	Settlements							
Unrecognized tax benefit at end of year	Unrecognized tax benefit at end of year	\$48	\$47	\$32				

At the end of 2023 and 2022, \$22 and 2021, \$45 and \$39 of the ending gross unrecognized tax benefit related to items which, if recognized, would affect the effective tax rate.

There was no material expense for interest and penalties in 2023, 2022 2021 and 2020, 2021. At the end of 2022 2023 and 2021, 2022, our liability for interest and penalties was \$8 \$3 and \$7, \$8.

We file income tax returns in the U.S. and a limited number of foreign jurisdictions. With few exceptions, we are no longer subject to federal or state and local or non-U.S. income tax examinations for years before 2013, 2014. As of January 28, 2023 February 3, 2024, we believe it is reasonably possible unrecognized tax benefits related to federal, state and local tax positions may decrease \$30 \$6 by February 3, 2024 February 1, 2025, due to the completion of examinations and the expiration of various statutes of limitations.

NOTE 12: 13: COMMITMENTS AND CONTINGENCIES

Our estimated total purchase obligations, which primarily consist of inventory purchase orders and capital expenditure commitments, were \$1,780 \$2,049 as of January 28, 2023 February 3, 2024. These purchase obligations are primarily payable within one year.

NOTE 13: 14: EARNINGS PER SHARE

The computation of EPS is as follows:

Fiscal year	Fiscal year	2022	2021	2020	Fiscal year	2023	2022	2021
Net earnings (loss)	Net earnings (loss)	\$245	\$178	(\$690)				
Net earnings	Net earnings							
Basic weighted-average shares outstanding	Basic weighted-average shares outstanding	160.1	159.0	157.2				
Dilutive effect of common stock equivalents	Dilutive effect of common stock equivalents	2.0	3.5	—				

Basic weighted-average shares outstanding				
Basic weighted-average shares outstanding				
Dilutive shares				
Diluted weighted-average shares outstanding	Diluted weighted-average shares outstanding	162.1	162.5	157.2
Basic EPS	Basic EPS	\$1.53	\$1.12	(\$4.39)
Basic EPS				
Basic EPS				
Diluted EPS	Diluted EPS	\$1.51	\$1.10	(\$4.39)
Anti-dilutive common stock equivalents				
		8.7	8.1	13.5
Anti-dilutive shares				
Anti-dilutive shares				
Anti-dilutive shares				

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Nordstrom, Inc.

Notes to Consolidated Financial Statements

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

NOTE 14: 15: SEGMENT REPORTING

Segments

We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact our reportable segments. We have one reportable "Retail" segment to align with how management operates and evaluates the results of our operations. Our principal executive officer, who is our chief operating decision maker, reviews results on a total Company, Nordstrom and Nordstrom Rack basis and uses EBIT as a measure of profitability.

Our Retail reportable segment aggregates our two operating segments, Nordstrom and Nordstrom Rack. As of January 28, 2023 February 3, 2024, Nordstrom consists of Nordstrom.com, Nordstrom U.S. stores and Nordstrom Local. Nordstrom also included Canada which includes operations prior to March 2, 2023, inclusive of Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, Nordstrom Local, ASOS | Nordstrom prior to December 2023 and TrunkClub.com prior to October 2022, TrunkClub.com. 2022. Nordstrom Rack consists of NordstromRack.com, Nordstrom Rack U.S. stores and Last Chance clearance stores and, prior to the first quarter of 2021, HauteLook.com. stores.

Our Nordstrom and Nordstrom Rack operating segments both generate revenue by offering customers an extensive selection of high-quality brand-name and private label private-label merchandise for women, men, young adults and children, with a focus on apparel, shoes, beauty, accessories and home goods. We continue to focus on omni-channel initiatives by integrating the operations, merchandising and technology necessary to be consistent with our customers' expectations of a seamless shopping experience regardless of channel or business. Nordstrom and Nordstrom Rack have historically had and are expected to continue to have, similar economic characteristics and financial performance over the long-term, financial performance, which we expect to continue in the future. They also have other similar qualitative characteristics, including suppliers, method of distribution, type of customer and regulatory environment. Due to their similar qualitative and economic characteristics, we have aggregated our Nordstrom and Nordstrom Rack operating segments into a single reportable segment.

Amounts in the Corporate/Other column include unallocated corporate expenses and assets (including unallocated assets in corporate headquarters, consisting primarily of cash, land, buildings, and equipment and deferred tax assets), inter-segment eliminations and other adjustments to segment results necessary for the presentation of consolidated financial results in accordance with GAAP.

Accounting Policy

We present our segment results for all years in the way that management views our results internally and the accounting policies of the operating segments are the same as those described in Note 1: Nature of Operations and Summary of Significant Accounting Policies.

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Nordstrom, Inc.

Notes to Consolidated Financial Statements

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

The following table sets forth information for our reportable segment:

Retail Corporate/Other				Total
Fiscal year 2022				
Retail				Retail Corporate/Other Total
Fiscal year 2023				
Net sales				
Net sales				
Net sales	Net sales	\$15,092	\$—	\$15,092
Credit card revenues, net	Credit card revenues, net	—	438	438
Earnings (loss) before interest and income taxes	Earnings (loss) before interest and income taxes	719	(254)	465
Capital expenditures	Capital expenditures	(154)	(319)	(473)
Capital expenditures				
Capital expenditures				
Canada wind-down costs				
Depreciation and amortization	Depreciation and amortization	(316)	(288)	(604)
Assets	Assets	5,968	2,777	8,745
Fiscal year 2021				
Fiscal year 2022				
Fiscal year 2022				
Fiscal year 2022				
Net sales				
Net sales				
Net sales	Net sales	\$14,402	\$—	\$14,402
Credit card revenues, net	Credit card revenues, net	—	387	387
Earnings (loss) before interest and income taxes	Earnings (loss) before interest and income taxes	687	(195)	492
Capital expenditures	Capital expenditures	(218)	(288)	(506)
Depreciation and amortization		(350)	(265)	(615)
Assets		6,244	2,625	8,869
Fiscal year 2020				

Net sales		\$10,357	\$—	\$10,357
Credit card revenues, net		—	358	358
Loss before interest and income taxes		(924)	(123)	(1,047)
Capital expenditures				
Capital expenditures	Capital expenditures	(175)	(210)	(385)
Depreciation and amortization	Depreciation and amortization	(404)	(267)	(671)
Assets	Assets	6,100	3,438	9,538

Fiscal year 2021
Fiscal year 2021
Fiscal year 2021
Net sales
Net sales
Net sales
Credit card revenues, net
Earnings (loss) before interest and income taxes
Capital expenditures
Capital expenditures
Capital expenditures
Depreciation and amortization
Assets

For information about disaggregated revenues, see Note 2: 3: Revenue.

NOTE 15: SUBSEQUENT EVENTS

Wind-down of Business Operations in Canada

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. Accordingly, Nordstrom Canada has commenced a wind-down of its business operations, obtaining an Initial Order from the Ontario Superior Court of Justice under the CCAA on March 2, 2023 to facilitate the wind-down in an orderly fashion. Nordstrom Canada intends to wind down its Nordstrom and Nordstrom Rack stores across Canada, with the help of a third-party liquidator, and its Canadian ecommerce platform. The ecommerce platform ceased operations on March 2, 2023. The in-store wind-down is anticipated to be completed by late June 2023.

As a result of this filing, we expect to deconsolidate Nordstrom Canada as of March 2, 2023. We expect to incur pre-tax charges of approximately \$300 to \$350 related to the wind-down in the first quarter of 2023, driven primarily by the write-down of our investment in Nordstrom Canada. Given the early stage of the exit activities, our estimates of losses are based on currently available information and our assessment of the validity of certain claims. These estimates may change as new information becomes available and it is reasonably possible that we may incur a material loss in excess of the estimated amounts.

Amendment of Revolver Agreement

On March 1, 2023, in contemplation of a wind-down of Nordstrom Canada, we entered into an amendment to the Revolver originally dated May 6, 2022. Prior to this amendment, Nordstrom Canada Retail, Inc. was a loan party under the Revolver and the obligations under the Revolver were secured, in part, by the assets of this subsidiary. As a result of this amendment, Nordstrom Canada Retail, Inc. has been removed as a loan party and obligations under the Revolver will no longer be secured by these assets. In addition, this amendment excludes as subsidiaries or affiliates all Nordstrom Canada entities and carves out certain CCAA-related expenses and obligations from financial covenants under the Revolver.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

On October 18, 2022, we filed an 8-K announcing the departure of Anne L. Bramman as an officer, employee and the Company's principal financial officer for the purposes of the Exchange Act. Her last day with the Company was December 2, 2022. We do not believe that the announcement of Ms. Bramman's resignation has materially affected, or is reasonably likely to materially affect, Act, our internal control over financial reporting. Michael W. Maher, our Chief Accounting Officer, is serving as our interim principal financial officer upon Ms. Bramman's departure. Our Chief Executive Officer, Erik B. Nordstrom, serves as our principal executive officer for purposes of the Exchange Act and our Chief Financial Officer, Cathy 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.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as is defined in the Exchange Act. These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and overriding of controls. Consequently, an effective internal control system can only provide reasonable, not absolute, assurance with respect to reporting financial information.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of January 28, 2023 February 3, 2024.

Deloitte & Touche LLP, an independent registered public accounting firm, was retained to audit our Consolidated Financial Statements and the effectiveness of our internal control over financial reporting. They have issued an attestation report on our internal control over financial reporting as of January 28, 2023 February 3, 2024, which is included herein.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Nordstrom, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Nordstrom, Inc. and subsidiaries (the "Company") as of January 28, 2023 February 3, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 28, 2023 February 3, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 28, 2023 February 3, 2024, of the Company and our report dated March 10, 2023 March 19, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Seattle, Washington

March 10, 2023 19, 2024

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Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required under this item is included in the following sections of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders, the sections of which are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Corporate Governance

Director Qualifications, Experience, and Nominating Process

Delinquent Section 16(a) Reports

Requirements and Deadlines for Submission of Proxy Proposals, Nomination of Directors, and Other Business of Shareholders

The certifications of our Chief Executive Officer and Chief Financial Officer required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 are included as exhibits to this 2022 2023 Annual Report and were included as exhibits to each of our quarterly reports on Form 10-Q. Our Chief Executive Officer certified to the New York Stock Exchange ("NYSE") NYSE on June 16, 2022 June 13, 2023, pursuant to Section 303A.12(a) of the NYSE's listing standards, that he was not aware of any violation by the Company of the NYSE's corporate governance listing standards as of that date.

Item 11. Executive Compensation.

The information required under this item is included in the following sections of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders, the sections of which are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Compensation of Executive Officers

Director Compensation and Stock Ownership Guidelines

Compensation Committee Interlocks and Insider Participation

Compensation, People and Culture Committee Report

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

The information required under this item is included in the following sections of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders, the sections of which are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Security Ownership of Certain Beneficial Owners and Management

Equity Compensation Plans

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required under this item is included in the following sections of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders, the sections of which are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Corporate Governance

Certain Relationships and Related Transactions

Item 14. Principal Accountant Fees and Services.

Our independent registered public accounting firm is Deloitte & Touche LLP, Seattle, Washington, Auditor ID: 34.

The information required under this item is included in the *Ratification of the Appointment of Independent Registered Public Accounting Firm* section of our Proxy Statement for our 2023 2024 Annual Meeting of Shareholders, the section of which is incorporated by reference herein and will be filed within 120 days after the end of our fiscal year.

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PART IV

Item 15. Exhibit and Financial Statement Schedules.

The following information required under this item is filed as part of this report:

	Page
(a)1. FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	40 44
Consolidated Statements of Earnings	42 46
Consolidated Statements of Comprehensive Earnings	42 46
Consolidated Balance Sheets	43 47
Consolidated Statements of Shareholders' Equity	44 48
Consolidated Statements of Cash Flows	45 49
Management's Report on Internal Control Over Financial Reporting	67 73
Report of Independent Registered Public Accounting Firm	68 74
(a)3. EXHIBITS	
Nordstrom, Inc. and Subsidiaries Exhibit Index	71 77

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

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Nordstrom, Inc. and Subsidiaries
Exhibit Index

Incorporated by Reference										Incorpc by Referr	
										Filing	
										Exhibit	Form Exhibit Date
3.1	3.1	Articles of Incorporation as amended and restated on May 25, 2005	8-K	3.1	May 31, 2005	3.1		Articles of Incorporation as amended and restated on May 25, 2005	8-K	3.1	May 31, 2005
3.2	3.2	Bylaws as amended and restated on February 12, 2022	8-K	3.1	February 15, 2022						

[illegible]

4.7	4.7	Form of 4.00% Note due 2027	8-K	4.1	March 9, 2017		Form of 7.00% Note due January 2038	8-K	4.2	December 3, 2007
4.8	4.8	Form of 5.00% Note due 2044	8-K	4.2	March 9, 2017					
4.8							Form of 4.00% Note due 2027	8-K	4.1	March 9, 2017
4.9										
4.9	4.9	Form of 4.375% Note due 2030	8-K	4.1	November 6, 2019		Form of 5.00% Note due 2044	8-K	4.2	March 9, 2017
4.10	4.10	Form of 2.300% Global Note due 2024	10-Q	4.2	September 3, 2021					
4.10							Form of 4.375% Note due 2030	8-K	4.1	November 6, 2019
4.11										
4.11	4.11	Form of 4.250% Global Note due 2031	10-Q	4.3	September 3, 2021		Form of 2.300% Global Note due 2024	10-Q	4.2	September 3, 2021
4.12	4.12	* Trunk Club Newco, Inc. 2010 Equity Incentive Plan	S-8	4.1	August 27, 2014					
4.12							Form of 4.250% Global Note due 2031	10-Q	4.3	September 3, 2021
4.13	4.13	Shareholder Rights Agreement, dated as of September 19, 2022, by and between the Company and Computershare Trust Company, N.A., as rights agent (which includes the Form of Rights Certificate as Exhibit A thereto).	8-K	4.1	September 20, 2022					
4.13							* Trunk Club Newco, Inc. 2010 Equity Incentive Plan	S-8	4.1	August 27, 2014
4.14										
4.14										

4.14									Shareholder Rights Agreement, dated as of September 19, 2022, by and between the Company and Computershare Trust Company, N.A., as rights agent (which includes the Form of Rights Certificate as Exhibit A thereto).	8-K	4.1	September 20, 2022
4.15												
4.15												
4.15									First Amendment to the Shareholder Rights Agreement, dated as of August 21, 2023, by and between Nordstrom, Inc. and Computershare Trust Company, N.A., as rights agent	8-K	4.1	August 21, 2023
10.1												
10.1												
10.1	10.1	*	Nordstrom, Inc. 2019 Equity Incentive Plan (2020 Amendment)	DEF 14A	Appendix B	April 7, 2020	*	Nordstrom, Inc. 2019 Equity Incentive Plan (2020 Amendment)	DEF 14A	Appendix B	April 7, 2020	
10.2	10.2	*†	Amended and Restated Nordstrom, Inc. Executive Management Bonus Plan									
10.2												
10.2								* Nordstrom, Inc. 2019 Equity Incentive Plan (2023 Amendment)	DEF 14A	Appendix B	April 28, 2023	
10.3												
10.3												
10.3	10.3	*	Nordstrom Deferred Compensation Plan (2022 Restatement)	10-Q	10.2	September 2, 2022	*	Nordstrom, Inc. Employee Stock Purchase Plan (2023 Amendment)	DEF 14A	Appendix C	April 28, 2023	
10.4	10.4	*	Form of 2013 Nonqualified Stock Option Grant Agreement	8-K	10.1	November 14, 2012						
10.4												
10.4								Nordstrom 401(k) Plan (2021 Restatement)	10-Q	10.2	June 4, 2021	

10.5

10.5

10.5	10.5 *	Form of 2014 Nongqualified Stock Option Grant Agreement	8-K	10.1	March 4, 2014			11-K	99.3	June 10, 2022
						*	Amendment 2021-1 to the Nordstrom 401(k) Plan			

10.6	10.6 *	<u>Form of the 2015 Nonqualified Stock Option Grant Agreement</u>	8-K	10.1	February 19, 2015
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10.6					
10.6	*	<u>Amended and Restated Nordstrom, Inc. Executive Management Bonus Plan</u>	10-K	10.2	March 10, 2023

[illegible]

10.8	10.8 *	Form of 2016 Nongqualified Stock Option Grant Agreement, Supplemental Award	10-Q	10.2	August 30, 2016
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10.8					
10.8	*	Form of 2014 Nonqualified Stock Option Grant Agreement	8-K	10.1	March 4, 2014

[illegible]

10.10	10.10 *	Form of 2019 Nonqualified Stock Option Award Agreement	8-K	10.1	March 4, 2019
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10.10				
10.10	* Form of the 2016 Nonqualified Stock Option Grant Agreement	8-K	10.1	March 1, 2016

10.11

10.11									
10.11	10.11 *	Form of 2019 Nonqualified Stock Option Award Agreement, Supplemental Award	8-K	10.2	March 4, 2019	*	Form of 2016 Nonqualified Stock Option Grant Agreement, Supplemental Award	10-Q	10.2 August 30, 2016
10.12	10.12 *	Form of 2020 Nonqualified Stock Option Award Agreement	8-K	10.1	March 3, 2020				
10.12									
10.12						*	Form of the 2017 Nonqualified Stock Option Grant Agreement	8-K	10.1 February 23, 2017
10.13									
10.13									
10.13	10.13 *	Form of 2020 Nonqualified Stock Option Award Agreement, Supplemental Award	10-Q	10.5	June 10, 2020	*	Form of 2019 Nonqualified Stock Option Award Agreement	8-K	10.1 March 4, 2019
10.14	10.14 *	Form of 2023 Nonqualified Stock Option Award Agreement	8-K	10.1	March 6, 2023				
10.14									
10.14						*	Form of 2019 Nonqualified Stock Option Award Agreement, Supplemental Award	8-K	10.2 March 4, 2019
10.15									
10.15									
10.15	10.15 *	Nordstrom, Inc. 2010 Equity Incentive Plan	DEF 14A	Appendix A	April 8, 2010	*	Form of 2020 Nonqualified Stock Option Award Agreement	8-K	10.1 March 3, 2020
10.16	10.16 *	Nordstrom, Inc. 2010 Equity Incentive Plan as amended February 27, 2013	DEF 14A	Appendix A	April 1, 2013				
10.16									
10.16						*	Form of 2020 Nonqualified Stock Option Award Agreement, Supplemental Award	10-Q	10.5 June 10, 2020

10.17	*	Nordstrom, Inc. 2010 Equity Incentive Plan as amended and restated February 26, 2014	8-K	10.4	March 4, 2014
10.18	*	Nordstrom, Inc. 2010 Equity Incentive Plan as amended and restated February 16, 2017	DEF 14A	Appendix A	April 5, 2017

Incorporated by Reference						Filing	
Exhibit						Exhibit	Form Exhibit Date
10.17		10.17	*	Form of 2023 Nongqualified Stock Option Award Agreement	8-K	10.1	March 6, 2023
Incorporated by Reference							
10.18							
10.18							
10.18			*	Nordstrom, Inc. 2010 Equity Incentive Plan	DEF 14A	Appendix A	April 8, 2010
		Exhibit	Form Exhibit	Filing Date			
10.19							
10.19							
10.19	10.19	*	Nordstrom, Inc. 2010 Executive Severance Plan	10-K	10.23	March 20, 2020	*
				Nordstrom, Inc. 2010 Equity Incentive Plan as amended February 27, 2013	DEF 14A	Appendix A	April 1, 2013
		*	Form of 2022 Performance Share Unit Award Agreement				
10.20	10.20		Form of 2022 Performance Share Unit Award Agreement	8-K	10.2	February 28, 2022	
10.20							
10.20			*	Nordstrom, Inc. 2010 Equity Incentive Plan as amended and restated February 26, 2014	8-K	10.4	March 4, 2014
10.21							

10.21

10.27	10.27	* Form of Restricted Stock Unit Award Agreement – Supplemental Award	8-K	10.2	March 8, 2018		Nordstrom Directors Deferred Compensation Plan (2017 Restatement)	10-K	10.48	March 19, 2018
10.28	10.28	* Form of Restricted Stock Unit Award (Supplemental Award) under the 2019 Equity Incentive Plan	8-K	10.1	May 20, 2022					
10.28	10.28						2010 Form of Independent Director Indemnification Agreement	10-K	10.78	March 18, 2011
10.29	10.29									
10.29	10.29	Revolving Credit Agreement dated May 6, 2022 between Registrant and each of the initial lenders named therein as lenders: Wells Fargo Bank, National Association as administrative agent; and Bank of America, N. A. and U.S. Bank, National Association as co-syndication agents	10-Q	10.2	June 3, 2022		2023 Form of Independent Director Indemnification Agreement	10-Q	10.1	December 1, 2023
10.30	10.30	† First Amendment to Revolving Credit Agreement								
10.30	10.30						* Form of 2020 Restricted Stock Unit Award Agreement	8-K	10.2	March 3, 2020
10.31	10.31									
10.31	10.31									

10.31	10.31	Credit Card Program Agreement by and among Nordstrom, Inc., Nordstrom FSB and TD Bank USA, N.A. dated May 25, 2015	10-Q	10.1	December 1, 2015	*	Form of Restricted Stock Unit Award (Supplemental Award) under the 2019 Equity Incentive Plan	8-K	10.1	May 20, 2022
10.32	10.32	Amendment No. 7 to the Credit Card Program Agreement by and between Nordstrom, Inc., and TD Bank USA, N.A.	10-Q	10.1	December 2, 2022					
10.32										
10.32						*	Form of 2023 Restricted Stock Unit Agreement – Supplemental Award under the 2019 Equity Incentive Plan	8-K	10.1	May 10, 2023
10.33										
10.33						*	Form of 2024 Restricted Stock Unit Award Agreement	8-K	10.1	March 5, 2024
10.34										
10.34										
10.34							Revolving Credit Agreement dated May 6, 2022 between Registrant and each of the initial lenders named therein as lenders: Wells Fargo Bank, National Association as administrative agent; and Bank of America, N.A. and U.S. Bank, National Association as co-syndication agents	10-Q	10.2	June 3, 2022
10.35										
10.35										
10.35							First Amendment to Revolving Credit Agreement	10-K	10.30	March 10, 2023
10.36										
10.36										

10.36			Credit Card Program Agreement by and among Nordstrom, Inc., Nordstrom FSB and TD Bank USA, N.A. dated May 25, 2015	10-Q	10.1	December 1, 2015
10.37						
10.37						
10.37			Amendment No. 7 to the Credit Card Program Agreement by and between Nordstrom, Inc., and TD Bank USA, N.A.	10-Q	10.1	December 2, 2022
19.1						
19.1						
19.1						
21.1						
21.1						
21.1	21.1	†	Significant subsidiaries of the Registrant			
23.1	23.1		Consent of Independent Registered Public Accounting Firm , filed as page 74 of this report			
23.1						
23.1						
31.1	31.1	†	Certification of Chief Executive Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002			
31.1						
31.1						
31.2						
31.2						
31.2	31.2	†	Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002			

32.1	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
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32.1

32.1

97.1

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101.INS

101.INS

101.INS	101.INS	† Inline XBRL Instance Document
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101.SCH	101.SCH	† Inline XBRL Taxonomy Extension Schema Document
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101.CAL		† Inline XBRL Taxonomy Extension Calculation Linkbase Document
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101.SCH

101.LAB		† Inline XBRL Taxonomy Extension Labels Linkbase Document
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101.SCH

101.PRE		† Inline XBRL Taxonomy Extension Presentation Linkbase Document
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101.DEF		† Inline XBRL Taxonomy Extension Definition Linkbase Document
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104	† Cover Page Interactive Data File (Inline XBRL)
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* Management contract, compensatory plan or arrangement

† Filed herewith electronically

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		Incorporated by Reference		
		Form	Exhibit	Filing Date
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

Nordstrom, Inc. and subsidiaries79

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Michael W. Maher Cathy R. Smith
Michael W. Maher Cathy R. Smith
Interim Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: March 10, 2023 March 19, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date dates indicated.

Principal Financial Officer and Principal Accounting Officer:

/s/ Michael W. Maher Cathy R. Smith
Michael W. Maher Cathy R. Smith
Interim Chief Financial Officer and Chief Accounting Officer

Date: March 19, 2024

Directors:

/s/ Stacy Brown-Philpot
Stacy Brown-Philpot
Director

Date: March 15, 2024

/s/ Kirsten A. Green
Kirsten A. Green
Director

Date: March 15, 2024

/s/ Erik B. Nordstrom
Erik B. Nordstrom
Director

Date: March 19, 2024

/s/ Amie Thuener O'Toole
Amie Thuener O'Toole
Director

Date: March 15, 2024

/s/ Eric D. Sprunk
Amie Thuener O'Toole Eric D. Sprunk
Director

Date: March 15, 2024

/s/ Mark J. Tritton
Mark J. Tritton
Director

Date: March 10, 2023 15, 2024

Principal Executive Officer:

/s/ Erik B. Nordstrom
Erik B. Nordstrom
Chief Executive Officer

Date:

/s/ James L. Donald
James L. Donald
Director

Date: March 15, 2024

/s/ Glenda G. McNeal
Glenda G. McNeal
Director

Date: March 15, 2024

/s/ Peter E. Nordstrom
Peter E. Nordstrom
Director

Date: March 19, 2024

/s/ Guy B. Persaud
Guy B. Persaud
Director

Date: March 15, 2024

/s/ Bradley D. Tilden
Bradley D. Tilden
Chairman of the Board of Directors

Date: March 15, 2024

/s/ Atticus N. Tysen
Atticus N. Tysen
Director

Date: March 15, 2024

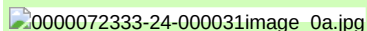
Nordstrom, Inc. and subsidiaries7380

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-239087, 333-239086, 333-239083, 333-231969, 333-225295, 333-211825, 333-207396, 333-198413, 333-189301, 333-166961, 333-161803, 333-275859, 333-275861, 333-275864, on Form S-8 and Registration Statement No. 333-230379 on Form S-3 of our reports dated March 10, 2023 March 19, 2024, relating to the financial statements of Nordstrom Inc. and subsidiaries, and the effectiveness of Nordstrom, Inc. and subsidiaries' internal control over financial reporting, appearing in the Annual Report on Form 10-K of Nordstrom, Inc. for the year ended January 28, 2023 February 3, 2024.

/s/ Deloitte & Touche LLP
Seattle, Washington
March 10, 2023 19, 2024

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**AMENDED AND RESTATED
NORDSTROM INC. INSIDER TRADING POLICY (THE "POLICY")**

EXECUTIVE MANAGEMENT BONUS PLAN

Effective January 28, 2023 (As Amended and Restated on February 28, 2023)

ARTICLE I

1. Purpose

Nordstrom ("Nordstrom" or the "Company") is a publicly held company listed on the New York Stock Exchange and has adopted this Policy to help its directors, officers, employees, and contractors comply with insider trading laws, to prevent the appearance of improper insider trading, and to protect the Company's reputation for integrity and ethical conduct. The securities rules do not recognize any mitigating circumstances, and even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

While this Policy is intended to assist and guide you with complying with the requirements of the insider trading laws, it remains your obligation to ensure that you are in compliance with all applicable laws, rules and regulations pertaining to trading in the Company's securities. You are responsible for understanding and complying with this Policy.

Should you have any questions about this Policy, please contact the General Counsel at corporatesecretary@nordstrom.com.

2. Scope

This Policy applies to the list below (collectively referred to as "Covered Persons"):

1. all directors, officers, employees, as well as their respective Immediate Family Members (as defined below);
2. contractors who have, or are likely to have, access to material nonpublic information ("MNPI") from time to time; and
3. any entities that you influence or control (including corporations, limited liability companies, partnerships, or trusts). For entities that are venture or similar investment funds, you have influence or control of the shares held by those funds if you can vote or dispose of them. Any transactions by entities that you have influence or control over should be treated for purposes of this Policy and applicable securities laws as if they were for your own account. You are responsible for ensuring compliance with this Policy by any such person or entity that you influence or control.

Except as provided in Section 3.D below, this Policy applies to all trading or other transactions in:

1. the Company's securities, including common stock, options, restricted stock units and any other securities that the Company may issue, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company; and
2. the securities of certain other companies (including, but not limited to, customers and suppliers and those with whom the Company may be negotiating major transactions, such as an acquisition, investment, or sale), including common stock, options and other securities issued by those companies as well as derivative securities relating to any of those companies' securities.

3. General Policy

A. Prohibited Activities

The purpose following activities are prohibited for all Covered Persons.

1. **Trading in Company Securities While Aware of MNPI.** No Covered Person may buy, sell, or otherwise trade in Company securities while aware of MNPI concerning the **Plan** Company. It makes no difference whether or not you relied upon or used MNPI in deciding to trade – if you are aware of MNPI about Nordstrom, the prohibition applies.
2. **Tipping.** Providing MNPI to another person who may trade or advise others to trade based on that information is known as "tipping" and is illegal. No Covered Person may "tip" or provide MNPI concerning the Company to **promote the interests** any person other than a director, officer, or employee of the Company, unless required as part of that Covered Person's regular duties for the Company or authorized by the General Counsel.

3. **Giving Trading Advice.** No Covered Person may give trading advice of any kind about the Company to anyone, except that Covered Persons should advise other Covered Persons not to trade if trading might violate the law or this Policy.
4. **Engaging in Short Sales.** No Covered Person may engage in short sales of Company securities. A short sale is the sale of a security that the seller does not own at the time of the trade. Shorting, or short-selling, is when an investor borrows shares and immediately sells them, hoping he or she can buy shares later at a lower price to replace the shares that were borrowed, return them to the lender and pocket the difference. Short sales have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to improve the Company's performance.
5. **Engaging in Derivative Transactions.** No Covered Person may engage in transactions in puts, calls or other derivative instruments that relate to or involve Company securities. Such transactions are, in effect, bets on short-term movements in the Company's stock price and therefore create the appearance that the transaction is based on nonpublic information.
6. **Hedging.** No Covered Person may engage in hedging transactions involving swaps, collars, or exchange funds. Such transactions are speculative in nature and allow the person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other shareholders.
7. **Trading in Securities of Other Companies.** If a Covered Person possesses MNPI about any other company gained during his or her employment with Nordstrom, that Covered Person may not (a) trade in securities of the other company, (b) "tip" or disclose such MNPI concerning the other company to anyone, or (c) give trading advice of any kind to anyone concerning the other company.
8. **MNPI Must Not Be Disclosed and Must Be Kept Confidential.** MNPI about Nordstrom or its **shareholders** business partners is the property of Nordstrom, and unauthorized disclosure or use of that information is strictly prohibited. MNPI should be maintained in confidence and should only be discussed with persons who "need to know." You should exercise the utmost care in dealing with MNPI, avoiding conversations in public places involving information of a sensitive or confidential nature. Written information should be appropriately safeguarded and should not be left or stored where persons that are not entitled to the information may see it. The unauthorized disclosure of information could result in serious consequences to Nordstrom. Accordingly, it is important that responses to inquiries about the Company by **providing incentives** the press, investment analysts or others in the financial or business community be made on the Company's behalf only through authorized individuals. For additional details, please refer to the Regulation FD and Disclosure Policy of Nordstrom, Inc.
9. **Post-Employment Transactions May be Prohibited.** The portions of this Policy relating to trading while in possession of MNPI and the use or disclosure of that information continue to apply to transactions in Company securities even after termination of employment or association with the Company. If you are aware of MNPI about Nordstrom when your employment or other business relationship with Nordstrom ends, you may not trade in Company securities or disclose the MNPI to anyone else until that information is made public or is no longer material.

B. Discouraged Activities

The following activities are discouraged for all Covered Persons.

1. **Frequent Trading.** Frequent trading of Company securities can create an appearance of wrongdoing even if the decision to trade was based solely on public information such as stock price ranges and other market events. You are strongly discouraged from trading in Company securities for short-term trading profits. Daily or frequent trading, which can be time-consuming and distracting, is strongly discouraged. Nordstrom reserves the right to request brokerage account statements to assure compliance with this and other provisions of the Policy, with compliance to be determined by the General Counsel in their discretion. Failure to comply with this Policy can result in potential penalties and disciplinary action imposed by the Company as described in Section 6 below.
2. **Standing Orders.** Covered Persons should exercise caution in placing standing or limit orders on Nordstrom stock. Standing and limit orders are orders placed with a broker to sell or purchase stock at a specified price. Because there is no control over the timing of purchases or sales that result from standing instructions to a broker, a transaction could be executed when persons subject to this Policy are in possession of MNPI. If you determine you must use a standing or limit order, the order (unless under an approved Rule 10b5-1 Plan, as described in the *Addendum to the Amended and Restated Insider Trading Policy* (the "Addendum")) should be limited to a short duration, should not extend

beyond the trading “window” and should otherwise comply with the trading restrictions and procedures outlined in this Policy and the Addendum.

C. Additional Restrictions Applicable to Section 16 Individuals and Designated Insiders

1. No Section 16 Individual or Designated Insider may trade in Company securities outside of the Company trading window described below.
2. No Section 16 Individual may engage in any transactions in Company securities unless the transaction(s) have been pre-cleared by the General Counsel in accordance with the procedures set forth in the Addendum. Any standing or limit order of a Section 16 Individual that has been pre-cleared by the General Counsel pursuant to the pre-clearance procedures outlined in the Addendum must not exceed the end of the pre-clearance period specified in the Addendum.
3. Section 16 Individuals and Designated Insiders should exercise caution in holding Nordstrom stock in a margin account or pledging Nordstrom stock as collateral for a loan since a margin call or default under the pledge could occur when the Section 16 Individual or Designated Insider is aware of MNPI, resulting in a possible violation of this Policy. Section 16 Individuals who desire to pledge Nordstrom stock must obtain pre-clearance by the General Counsel pursuant to the pre-clearance procedures outlined in the Addendum, and any pledge of shares shall not exceed a majority of their holdings in Nordstrom stock nor shall pledged shares count toward their stock ownership targets.

D. Exceptions

The trading restrictions of this Policy do not apply to the following:

1. 401(k) Plan. Investing 401(k) plan contributions in a Company stock fund in accordance with the terms of the Company's 401(k) plan. However, any changes in your investment election regarding the Company's stock are subject to trading restrictions under this Policy.
2. Employee Stock Purchase Plan. Purchasing Company stock through periodic, automatic payroll contributions to the Company's Employee Stock Purchase Plan (“ESPP”). However, electing to enroll in the ESPP, making any changes in your elections under the ESPP and selling any Company stock acquired under the ESPP are subject to trading restrictions under this Policy.
3. Options. Exercising stock options for cash or the delivery of previously owned Company stock or through the Company withholding a portion of the Company stock underlying the options. Similarly, the Company may withhold underlying Company stock to satisfy tax withholding requirements. However, the sale of any shares issued on the exercise of Company-granted stock options and any cashless exercise of Company-granted stock options are subject to trading restrictions under this Policy.
4. Restricted Stock Units or Restricted Stock Awards. This Policy's trading restrictions generally do not apply to the vesting of restricted stock units or restricted stock awards or to the Company's **leadership employees** withholding of shares to satisfy tax withholding requirements upon the vesting of such awards (assuming such withholding is permitted by the Company). However, the trading restrictions do apply to any market sales of stock received upon vesting of such awards.
5. Gifts. Bona fide gifts of Company securities by Covered Persons to family members of Covered Persons, trusts established for **positively influencing** family members, charities, etc., are exempt from this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company securities while the donor is aware of MNPI. In addition, Section 16 Individuals and Designated Insiders must obtain pre-clearance by the General Counsel pursuant to the pre-clearance procedures outlined in the Addendum prior to making any gift of Company securities.

4. Determining Whether Information Is Material and Nonpublic

A. Examples of Material Information

Some examples of material information may include:

- Projections of future earnings or losses or changes in such projections.
- Financial results of a completed period.
- Actual changes in earnings.

- Earnings that are inconsistent with the consensus expectations of the investment community.
- Significant changes in the Company's business results, prospects.
- Significant write-downs in assets or increases in reserves.
- A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets.
- Major changes in the Company's management or the board of directors.
- Company sales information that has not been publicly released.
- The mechanism gain or loss of a material contract.
- Cybersecurity risks and incidents, including vulnerabilities or breaches.
- The development or initial distribution of a new product or service.
- Significant changes in a previously announced schedule for providing incentives under this Plan is Performance Bonus Awards. the development or distribution of a new product or service.
- Extraordinary borrowings or changes in debt ratings.
- Major changes in accounting methods or policies.
- Declaration of a stock split or dividend.
- Labor negotiations.
- Significant increases or decreases in dividends.
- The specific offering of additional securities.
- Financial liquidity problems.
- Significant litigation or government agency investigations.

For additional information as to what constitutes "material" information, please refer to the Addendum.

B. Examples of "Nonpublic" Information

Some examples of nonpublic information may include:

- Information available to a select group of employees eligible analysts or brokers or institutional investors.
- Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated
- Information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for these awards are those individuals designated by the market to respond to a public announcement of the information (normally two trading days).

For additional information as to what constitutes "nonpublic" information, please refer to the Addendum.

5. Additional Requirements for Section 16 Individuals and Designated Insiders

A. Definitions of Section 16 Individuals and Designated Insiders

1. "Section 16 Individual" – Each member of the Company's Board of Directors as being executive (the "Board"), those officers of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Performance Bonus Awards are designed to create alignment between the Company's business strategy and operating performance. The Plan was amended and restated, as set forth herein, on February 28, 2023, effective for Performance Periods commencing on or after January 28, 2023.

ARTICLE II

Definitions

- 2.1 "Administrator" means the Compensation, People and Culture Committee of designated by the Board of Directors of the Company.

2.2 "Cause" means as a reason for a Participant's termination of employment or service shall have the meaning provided in the applicable employment agreement between the Company or a subsidiary and the Participant, or severance plan covering the Participant, if any, or if there is no such agreement or plan, as applicable, that defines the term, then "Cause" shall mean (a) the Participant's conviction of, or plea of guilty or no contest to, (i) any felony (or its international equivalent) or (ii) any other crime that results, or could reasonably be expected to result, in material harm to the business or reputation of the Company or any subsidiary, (b) an act of personal dishonesty or disloyalty in the course of fulfilling the Participant's duties to the Company or a subsidiary, or an act of fraud or misappropriation, embezzlement, or misuse of funds or property belonging to the Company or any subsidiary, (c) the Participant's deliberate and continued failure to perform substantially such Participant's material duties to the Company or a subsidiary, (d) a material violation of the written policies "Section 16 officers" of the Company, and its subsidiaries, including but not limited to those relating to sexual harassment their Immediate Family Members. Section 16 Individuals are also Designated Insiders.

2. "Immediate Family Member" – The parent, spouse or child (by blood or

adoption) of a Covered Person, persons financially supported by the disclosure Covered Person, or misuse of confidential information, or those set forth any other individual(s) living in the manuals primary residence of a Covered Person, regardless of whether such other individual(s) is related or statements unrelated to the Covered Person; provided, however, that with regard to persons who are receiving financial support from the Covered Person or living in the primary residence of policy a Covered Person, such persons will be considered an Immediate Family Member only for so long as such individual(s) is receiving financial support or living in the primary residence of the Company and its subsidiaries, (e) the Participant's engagement in willful misconduct in connection with the Participant's employment or services Covered Person.

3. "Designated Insiders" – The following individuals are Designated Insiders because of their position with the Company and its subsidiaries, which results, or could reasonably be expected their possible access to result, in material harm to the business or reputation of the Company or any subsidiary, and (f) breach of any restrictive covenants applicable to the Participant as a result of any agreement with the Company or any subsidiary or any policy or plan maintained by the Company or any subsidiary. The foregoing, however, shall not be deemed an exclusive list of all

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acts or omissions that the Company (or the Parent or Subsidiary employing the Participant) may consider as grounds for the discharge of the Participant without Cause.

2.3 "Code" means the Internal Revenue Code of 1986, as amended.

2.4 "Company" means Nordstrom, Inc. or its successor.

2.5 "Disability" means the inability of the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

2.6 "Incentive Grants" has the meaning provided in Section 5.2 below.

2.7 "Incentive Plan" has the meaning provided in Section 5.2 below.

2.8 "Participant" means an individual who, with respect to any fiscal year of the Company, has been designated by the Company's Board of Directors as being an executive officer of the Company for purposes of Section 16 of the Exchange Act for all or some portion of such fiscal year.

2.9 "Performance Bonus Award" means an incentive compensation award under the Plan.

2.10 "Performance Measure" refers to the performance measures determined in accordance with Section 4.1 of the Plan.

2.11 "Performance Milestone" means a level of performance with respect to a Performance Measure, the achievement of which may determine the degree of payout of a Performance Bonus Award.

2.12 "Performance Period" means the fiscal year of the Company, or a shorter period within the fiscal year of the Company that the Administrator may prescribe for a Participant or group of Participants.

2.13 "Plan" means this Nordstrom, Inc. Executive Management Bonus Plan.

2.14 "Retirement" means a termination of employment (and not for Cause) by a Participant at age 55 or older with at least 10 years of continuous service with the Company and its subsidiaries, or at age 60 or older. MNPI:

ARTICLE III

Eligibility

3.1 • Eligible Employees. Eligibility for the Plan is limited to individuals meeting the definition of Participant. The Administrator may further limit eligibility for this Plan. An employee who is a Participant for a given Performance Period is neither guaranteed nor assured of being a Participant in any subsequent Performance Period.

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3.2 Employment Requirement. Except as provided under Article IV of the Plan, or as otherwise provided by the Administrator, a Participant is required to be an employee of the Company on the last day of the Performance Period in order to remain eligible for a Performance Bonus Award. Notwithstanding anything to the contrary, a Participant whose employment is terminated for Cause after the last day of the Performance Period but before the payment of a Performance Bonus Award shall not be eligible to receive any Performance Bonus Award that otherwise would have been payable.

ARTICLE IV

Grant and Evaluation of Performance Bonus Awards

4.1 Establishment of Written Terms. Within the first ninety (90) days of the designated Performance Period (or such other period as determined by the Administrator), the Administrator will determine in writing (a) the Participants receiving Performance Bonus Awards for the Performance Period, (b) the Performance Measures and Performance Milestones for each Participant for the Performance Period and (c) the amount payable to a Participant upon attainment of the applicable Performance Milestones for the Performance Period.

4.2 Performance Milestones and Measures. Performance Milestones may be based upon the relative or comparative achievement of Performance Measures, whether in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies, as determined by the Administrator for the applicable Performance Period, which Performance Measures may include:

- (a) the Company's shareholder return as compared to any designated industry or other comparator group;
- (b) the trading price of the Company's common stock;
- (c) the results of operations, such as sales, earnings, net income (before or after taxes), cash flow, return on assets, same-store sales, economic profit, or return on investment (including return on equity or return on invested capital);
- (d) earnings before or after taxes, interest, depreciation and/or amortization, and including/excluding capital gains and losses;
- (e) other financial results, such as profit margins, operational efficiency, expense reduction, or asset management goals;
- (f) sustainability metrics (including, without limitation, environmental, social or governance matters) or human capital metrics (including, without limitation, employee satisfaction, employee engagement, management of employment practices, and workforce retention, safety or diversity);
- (g) the internal or external market share of a product or line of products; Any Section 16 Individuals; and
- (h) • Any other individual goals based on business criteria underlying the Performance Measures listed above and which pertain to individual effort as to

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achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site development, facility development, government relations, or similar areas.

The Performance Measures may be based on the performance of the Company generally, or the performance of a particular Participant, department, business unit, subsidiary, or other segment to which a particular Participant is assigned. The Administrator may establish different Performance Measures and Milestones for individual Participants or groups of Participants. For each Participant, each Performance Measure will be weighted to reflect its relative significance to the Company for the Performance Period. The Administrator may also use one or more Performance Measures as a modifier to the amounts otherwise payable under a Performance Bonus Award.

4.3 New Participants. The Administrator may grant a Performance Bonus Award to an individual who becomes a Participant during a Company fiscal year based on performance during the fiscal year or such other Performance Period as the Administrator may determine, which awards shall be pro-rated to reflect the portion of the Performance Period during which the Participant was actually employed by the Company, unless otherwise determined by the Administrator.

4.4 Evaluation of Performance. At the end of each Performance Period, the Administrator will evaluate the performance of each Participant by comparing each Participant's actual performance to the Performance Milestones established for such Participant by the Administrator at the start of the Performance Period. The Administrator will certify in writing the degree of achievement of each Performance Milestone by each Participant. Approved minutes of the Administrator meeting in which the certification is made will be treated as adequate written certification.

4.5 Calculation of Performance Bonus Award. After the end of each Performance Period, the Administrator will approve the amount of a Participant's Performance Bonus Award for the Performance Period, applying the actual performance certified under Section 4.4 to the Performance Bonus Awards established under this Article IV. The Administrator may, in its absolute discretion, and without the consent of any Participant, increase, reduce or eliminate the Performance Bonus Award based upon factors that the Administrator deems relevant. A Participant has no legal entitlement or expectation to receive a Performance Bonus Award unless and until the Administrator has certified the Performance Bonus Award. No amounts shall be paid to a Participant under a Performance Bonus Award prior to the Administrator's certification under Section 4.4 above that actual performance satisfies the applicable Performance Milestones set forth in the Participant's written Performance Bonus Award.

Moreover, except in the case of the Participant's death, Disability or Retirement prior to the end of a Performance Period, a Participant also must remain employed as of the end of the Performance Period in order to be eligible to receive payment of a Performance Bonus Award to such Participant. If a Participant has terminated employment due to death, Disability or Retirement during a Performance Period, and where the Administrator has certified that the actual performance requirements have been met with respect to such Performance Bonus Award under Section 4.5, such Performance Bonus Award will be paid at the same time such bonuses are paid to Participants who remain employed by the Company and, in no event, will such amounts be paid later than the end of the calendar year in which such amounts first

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become payable. Moreover, any Performance Bonus Award payable to a Participant whose employment terminated during the Performance Period on account of death, Disability or Retirement shall be pro-rated to reflect the portion of the Performance Period during which the Participant was actually employed by the Company.

4.6 Adjustment of Awards. The Administrator may in its sole discretion, and without the consent of Participants, modify the calculation of the Performance Measures, the applicable Performance Milestones or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable (a) to reflect a change in the business, operations, corporate structure or capital structure of the Company or its subsidiaries, the manner in which it conducts its business, or similar events or circumstances; (b) in the event that a Participant's responsibilities materially change during a Performance Period or the Participant is transferred to a position that is not designated or eligible to participate in the Plan; or (c) in such other circumstances as the Administrator may determine, in its sole discretion.

4.7 **Clawback Policy.** All Performance Bonus Awards are subject to the Clawback Policy adopted by the Company's Board of Directors and as may be amended from time to time, whether such policy is adopted before or after the grant of a Performance Bonus Award. For the avoidance of doubt, the Clawback Policy that applies to Performance Bonus Awards shall at all times comply with the requirements of the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. Moreover, the Administrator may impose other such clawback, recovery or recoupment provisions in the written statement referenced above in Section 4.1 as the Administrator deems necessary or appropriate.

ARTICLE V

Form and Timing of Payment

5.1 **Normal Form.** The normal form of payment of Performance Bonus Awards will be cash, paid as soon as practicable following the Administrator's certification of the awards but not later than the end of the calendar year containing the last day of the Performance Period to which the Performance Bonus Award relates, and no one shall have the discretion or authority to extend this deadline. All Performance Bonus Award payments are subject to federal, state, and local laws regarding taxes and other deductions in effect on the date of payment.

5.2 **Election to Receive Company Stock.** The Administrator has the sole and exclusive discretion to determine whether and when the Company may either (a) pay, or (b) allow a Participant to elect to receive, all or a portion of a Performance Bonus Award in the form of long-term incentive awards based on the Common Stock of the Company ("Incentive Grants"). The number of shares of Incentive Grants to be received by the Participant shall be based on the fair market value of the Common Stock as of the last market trading day of the applicable Performance Period. Incentive Grants (including shares of the Company's common stock) will be issued under the Nordstrom, Inc. 2019 Equity Incentive Plan (as amended) ("Incentive Plan") or any successor plan to the Incentive Plan that has been approved by the Company's shareholders.

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ARTICLE VI

Administrative Provisions

6.1 **Authority of Administrator.** Subject to Section 6.2, the Administrator has the right and authority, in its sole and absolute discretion, to:

- (a) adopt, amend, or rescind administrative and interpretative rules, policies, and procedures relating to the Plan;
- (b) construe and interpret the terms of the Plan;
- (c) make all other determinations necessary or advisable for administering the Plan;
- (d) exercise the powers conferred on the Administrator under the Plan;
- (e) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it deems appropriate to effectuate the purpose of the Plan;
- (f) amend, modify, suspend, or terminate the Plan at any time and without the consent of any Participant; and
- (g) delegate administration of the Plan to one or more officers of the Company, and the term "Delegates" shall apply to any officer or officers of the Company to whom such authority has been delegated. If administration is delegated to Delegates under this subparagraph (g), Delegates shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Administrator, including the power to delegate to a sub-delegate or sub-delegates any of the administrative powers Delegates are authorized to exercise (and references in this Plan to the Administrator shall thereafter be to Delegates or sub-delegates, as applicable), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Administrator. The Administrator Company or the Board as a Designated Insider.

B. Trading Windows

1. **Trading Only While the Trading Window is Open.** Section 16 Individuals and Designated Insiders may cancel a prior delegation to Delegates at any time, engage in transactions in Nordstrom stock only during certain "window" periods which case all previously delegated administrative authority shall revert back are scheduled and announced in advance by the General Counsel or other persons designated by the Board (unless under an approved Rule 10b5-1 Plan, as described in the Addendum). In establishing the "window" periods for each fiscal year, the Company will consider the timing of significant events including, but not limited to, the Administrator, subject following:

- The Company's earnings and sales release dates.
- Board and Board Committee meeting dates.
- The Company's special sales periods.

In general, the "window" period begins at 12:01 a.m. Eastern time on the date the window is scheduled to future delegation under this subparagraph (g).

The Administrator's determinations under open and ends at 11:59 p.m. Eastern time on the Plan need not be uniform and date the window is scheduled to close. Other events or circumstances may be made by it selectively with respect to Participants (regardless alter the opening and/or closing dates of whether such Participants are similarly situated). Without limiting the generality of the foregoing, the Administrator shall be entitled, among other things, to make non-uniform and selective determinations as to Participants who receive Performance Bonus Awards under the Plan and the terms and provisions of awards under the Plan. Determinations, interpretations, or other actions made or taken by the Administrator pursuant a scheduled "window", so please refer to the provisions published schedule for the current fiscal year.

2. **No Trading While Aware of the Plan** shall be final, binding and conclusive for all purposes and upon all Participants and all other interested parties.

6.2 **Compliance with Code Section 409A MNPI.** Awards under the Plan are intended to comply with Code Section 409A and all Performance Bonus Awards shall be interpreted in a manner that results in compliance with Section 409A, Department of Treasury regulations, and other interpretative guidance under Section 409A. Notwithstanding any provision of the Plan or an award to the contrary, Even if the Administrator determines that trading window is open, any Performance Bonus Award does not comply with

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Code Section 409A, Designated Insider who possesses MNPI regarding the Company may adopt such amendments to not trade in Company securities until the Plan and close of trading on the affected award (without consent second full trading day following the Company's widespread public release of the Participant) or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary and appropriate to (a) exempt the Plan and the award from application of Code Section 409A and/or preserve the intended tax treatment of amounts payable with respect to the award, or (b) comply with the requirements of Code Section 409A, information.

ARTICLE VII

Limitation of Rights

- 7.13. **No Employment Contract Special Blackout Windows.** Nothing in the Plan, including an employee's eligibility to participate in the Plan, will confer on such employee the right to continued employment with the Company or any subsidiary thereof or any limitation on the right of the Company or any subsidiary to terminate the employment of any Participant. The loss of any existing or potential value of Performance Bonus Awards will not constitute an element of damages, or otherwise be recoverable, in any cause of action related to the termination of a Participant's employment, regardless of the reason for such termination.

7.2 **Assignment and Alienation.** No Participant shall have the right to alienate, sell, transfer, pledge, or encumber his or her actual or anticipated right to receive a Performance Bonus Award under the Plan.

7.3 **Unfunded Plan.** The Plan constitutes an unfunded, unsecured commitment of the Company. No Participant shall have any lien on any assets of the Company or any subsidiary thereof by reason of any actual or anticipated right to receive a Performance Bonus Award.

7.4 Indemnification. No member of the Administrator shall be liable for any act, omission, or determination taken or made in good faith with respect to the Plan or any Performance Bonus Awards paid under the Plan. The Company will indemnify, defend, and reimburse members of the Administrator in relation to any claim, loss, damage, or expenses (including attorney fees and costs) arising from the Administrator's good faith performance of duties under the Plan to the full extent permitted by law and under any directors' and officers' liability or similar insurance policy or indemnification agreement. The Company reserves the right, in its sole discretion, to select counsel to defend close any litigation covered trading "window" by this Section 7.4.

7.5 Future of Plan. notifying Designated Insiders that transactions in Nordstrom stock may not be appropriate at that time. The adoption, modification, or amendment status of the Plan trading window and whether it is open or closed at any particular time is confidential Company information and should not be disclosed to anyone

outside the Company.

C. Pre-Clearance Required

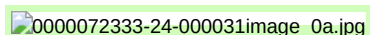
If you are a Section 16 Individual (or an Immediate Family Member of a Section 16 Individual), all of your transactions in Nordstrom stock (including a stock plan transaction such as an option exercise, or a gift, loan, or pledge), other than transactions pursuant to a pre-approved Rule 10b5-1 plan as described in the Addendum, must be pre-cleared by the General Counsel pursuant to the pre-clearance procedures described in the Addendum. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from additional Designated Insiders.

6. Potential Penalties and Disciplinary Actions

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

It does not imply matter that an individual may have a necessary or impose an obligation on justifiable independent reason for a trade, **there are no exceptions to the Policy** and compliance with the Policy is absolutely mandatory. Violations of the insider trading laws can result in severe civil and criminal penalties imposed upon both individuals and the company, as well as disciplinary action imposed by the Company upon individuals, up to and including immediate dismissal for cause, whether or not your failure to comply with the Policy results in a violation of law.

Any Covered Person who violates the Policy or any federal or state law governing insider trading or tipping, or any Covered Person who knows of any such violation by any other Covered Person, must report the violation immediately to any of the following: (i) the Company's General Counsel; (ii) the Company's Chief Financial Officer or Chief Executive Officer; (iii) the Company's ethics hotline; or (iv) any member of the Board. Upon determining that any such violation has occurred, the General Counsel, when required by applicable law, shall cause the Company to continue report the violation to the SEC or adopt the same plan, or any modification other appropriate governmental authority. No Covered Person will be subject to retaliation because of a good faith report of a suspected violation.



ADDENDUM TO THE AMENDED AND RESTATED NORDSTROM INSIDER TRADING POLICY (THE "ADDENDUM")

To help prevent inadvertent violations of the Plan, or any other incentive compensation plan, for any future period.

7.6 Governing Law. The federal securities laws and to avoid even the appearance of the state of Washington shall govern the Plan, to the extent not preempted by the Code or other Federal law.

7.7 Acceptance of Plan. By accepting any benefit under the Plan, each Participant and each person claiming under or through any such Participant shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Administrator or trading on inside information, the Company has adopted this Addendum. This Addendum is in any case in accordance with addition to and supplements the terms Company's Amended and conditions of the Plan.

7.8 **Successors.** The Plan shall be binding on the Company and on any successors thereto.

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Exhibit 10.30

FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this "First Amendment") is entered into and effective as of March 1, 2023 Restated Insider Trading Policy (the "First Amendment Effective Date") among Nordstrom, Inc., a Washington corporation (the "Borrower"), the Guarantors party hereto, the Lenders party hereto and Wells Fargo Bank, National Association, as administrative agent (the "Agent" "Policy"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement (as defined below). Policy.

RECITALS Duties of the General Counsel

WHEREAS, The Company has appointed the Borrower, General Counsel to administer the Lenders party thereto and Policy. The duties of the Agent General Counsel include, but are party to that certain Revolving Credit Agreement dated as of May 6, 2022 (as amended and modified from time to time, including as amended by this First Amendment, the "Credit Agreement");

WHEREAS, the Borrower has requested an amendment not limited to, the Credit Agreement as described below; following:

1. Assisting with implementation and enforcement of the Policy;
2. Responding to agree to such amendment, subject all inquiries relating to the terms Policy;
3. Making the Policy available on the Company's intranet, circulating the Policy to the Company's executive leadership group and certain other Company leaders and ensuring that the Policy is amended as necessary to remain up to date with insider trading laws;
4. Pre-clearing all trading in securities of the Company in accordance with the procedures set forth herein as more fully set forth below.

NOW THEREFORE, for good below; and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. 5. Amendments to Credit Agreement. Providing approval of any Rule 10b5-1 plans and any waivers or approved deviations from the Policy.

(a) The following definitions are hereby added to Section 1.1 General Counsel may delegate all or any of the Credit Agreement in the appropriate alphabetical order to read as follows:

"CCAA Proceedings" means the proceedings his or her duties under the Companies' Creditors Arrangement Act (Canada) Policy to be commenced before the Ontario Superior Court of Justice (Commercial List) by or with respect to the Nordstrom Canada Entities.

"First Amendment" means that certain First Amendment to Revolving Credit Agreement, dated as of the First Amendment Effective Date, by and among the Loan Parties, the Lenders party thereto and the Administrative Agent.

"First Amendment Effective Date" means March 1, 2023.

"NCRI" means Nordstrom Canada Retail, Inc.

"Nordstrom Canada Entities" means, collectively, NCRI, Nordstrom Canada Leasing LP, Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC.

(b) The following definitions in Section 1.1 of the Credit Agreement are hereby amended to read as follows:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, individuals whom the General Counsel has designated in the event that the General Counsel is unable or unavailable to perform such duties.

Definition of "Material" Information

Insider trading restrictions come into play only if the information you possess is controlled "material." There is no bright line test under the federal securities laws for determining whether information regarding a publicly traded company is material. Such a determination depends on the facts and circumstances unique to each situation. In general, "material" information is either positive or negative information (i) relating to a company (in addition to Nordstrom and its subsidiaries, this could include any company with which Nordstrom does business) (ii) that has not been adequately disseminated to the investing public generally, and (iii) the disclosure of which would likely affect the market price of such company's stock, or which would likely be considered important by a reasonable investor in determining whether to buy, sell or is under common control with, hold such first Person. The term "control" means stock. Any information that could reasonably be expected to affect the possession,

directly or indirectly, price of the power, whether or not exercised, to direct or cause the direction of the management or policies Company's security is material. Financial information is frequently material, even if it covers only part of a Person, whether through the ownership of Capital Stock, by contract or otherwise, and the terms "controlled" and "common control" have correlative meanings. Unless otherwise indicated, "Affiliate" refers to an Affiliate of the Borrower. Notwithstanding the foregoing, (a) in no event shall any Lender Party or any Affiliate of any Lender Party be deemed to be an Affiliate of the Borrower and (b) from and after the First Amendment Effective Date, the Nordstrom Canada Entities shall not be considered Affiliates of the Borrower and its Subsidiaries for purposes of this Agreement and the Loan Documents except for purposes of Section 6.6.

"Debt" means, with respect to any Person, the aggregate amount of, without duplication: (i) all obligations for borrowed money (including, except as otherwise provided in subpart (iii) below, purchase money indebtedness) other than, with respect to Debt of the Borrower or any of its Subsidiaries, funds borrowed by the Borrower or any such Subsidiary from the Borrower or another such Subsidiary; (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations to pay the deferred purchase price of property or services, except trade accounts payable (which trade payables are deemed to include any consignment purchases) arising in the ordinary course of business that are not overdue; (iv) the principal portion of all obligations under (a) Capitalized Leases and (b) any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product of such Person where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP; (v) all obligations of third parties secured by a Lien on any asset owned by such Person whether or not such obligation or liability is assumed; (vi) all obligations of such Person, contingent or otherwise, in respect of any letters of credit or bankers' acceptances; (vii) all Contingent Obligations (other than Contingent Obligations incurred as a result of, in connection with or stayed by any CCAA Proceedings; provided, that the aggregate amount of Contingent Obligations excluded from Debt pursuant to this parenthetical shall not exceed the "Contingent Obligations amount" on Schedule 1 attached to the First Amendment); (viii) the aggregate amount paid to, or borrowed by, such Person as of such date under a sale of receivables or similar transaction (regardless of whether such transaction is effected without recourse to such Person or in a manner that would not be reflected on the balance sheet of such Person in accordance with GAAP); (ix) all Debt of any partnership or unincorporated joint venture to the extent such Person is legally obligated with respect thereto; and (x) all net obligations with respect to interest rate protection agreements, foreign currency exchange agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements.

"EBITDAR" means, for any period, with respect to the Borrower and its consolidated Subsidiaries, Net Income plus, to the extent deducted in determining such Net Income, the sum of, without duplication, (a) Interest Expense, (b) any make-whole payment and any unamortized bond premium with respect to a redemption of Debt, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) Rent Expense, (g) non-cash charges (including goodwill or other impairment charges) related to acquisitions, in each case as determined in accordance with GAAP, (h) any losses, charges or expenses in connection with the closure or discontinuation of operations (including, without limitation, the closure of any store or other facility) during such period, including non-cash impairment charges incurred as a result of the dissolution of the Nordstrom Canada Entities pursuant to, in connection with or following any CCAA

Proceedings, (i) other expenses reducing such Net Income which do not represent a cash item in such fiscal period or any future period and (j) net cash charges incurred in connection with the dissolution of the Nordstrom Canada Entities pursuant to, in connection with or following any CCAA Proceedings; provided, that the aggregate amount added back pursuant to this clause (j) shall not exceed the amount set out as the "EBITDAR Subpart (j) amount" on Schedule 1 attached to the First Amendment during the term of this Credit Agreement.

"Subsidiary" means, with respect to any Person, any other Person of which more less than 50% of the Voting Stock is at the time directly or indirectly owned by such first Person. Unless otherwise indicated, "Subsidiary" refers to a Subsidiary of the Borrower. Notwithstanding the foregoing, from and after the First Amendment Effective Date the Nordstrom Canada Entities shall not be considered Subsidiaries of the Borrower for purposes of this Agreement (including any existing exhibit or schedule previously provided) and the Loan Documents, except for purposes of (i) clause (d) of the definition of "Excluded Property" in Section 1.1 and (ii) the definition of "Information" in Section 9.13.

(c) A new Section 5.5(k) is hereby added to the Credit Agreement to read as follows:

(k) the Borrower shall deliver concurrently with the delivery of any financial statements pursuant to Section 5.1(a) or 5.1(b), the related unaudited consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of the Nordstrom Canada Entities from such consolidated financial statements.

(d) Section 6.6 of the Credit Agreement is hereby amended to read as follows:

6.6 Transactions with Affiliates

The Borrower shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into any transaction (including the purchase, sale, lease, or exchange of any property or the rendering of any service) with any Affiliate of the Borrower, unless (a) such transaction is not otherwise prohibited by this Agreement, (b) such transaction is in the ordinary course of business and (c) if such transaction is other than with a Wholly Owned Subsidiary, such transaction is on fair and reasonable terms no less favorable to the Borrower or its Subsidiary, as the case may be, than those terms which might be obtained at the time in a comparable arm's length transaction with a Person who is not an Affiliate or, if such transaction is not one which by its nature could be obtained from such other Person, is on fair and reasonable terms and was negotiated in good faith; provided that this Section 6.6 shall not restrict (i) dividends, distributions and other payments and transfers on account of any shares of Capital Stock of the Borrower or any Subsidiary otherwise permissible hereunder, and (ii) transactions pursuant to (A) any agreement between the Borrower and any Affiliate of the Borrower pursuant to which the Borrower sells, discounts or otherwise transfers an interest in accounts receivable in the ordinary course of its business (including agreements under which the Borrower has an obligation to repurchase from or indemnify the purchaser with respect to accounts discounted, sold or otherwise transferred by the Borrower), (B) any agreement between the Borrower and any Affiliate of the Borrower or between one (1) or more Affiliates of the Borrower for or related to the sale of credit card accounts, associated receivables and related assets, (C) sales of loans or participations in loans by any Subsidiary financial institution to an Affiliate, (D) loans, advances and other transactions between or among the Borrower or any of its Subsidiaries to the extent permitted under Section

6.1, 6.2, 6.4, 6.5, 6.9 or 6.10 and (E) any financing or other amounts or services provided under any wind down agreement provided by the Borrower or its Subsidiaries to the Nordstrom Canada Entities or any of them as a result of, or in connection with, any CCAA Proceedings to the extent not prohibited under Section 6.10(b)(viii).

(e) Section 6.10(b) of the Credit Agreement is hereby amended to (i) delete the "and" at the end of subclause (vi), (ii) replace the "." at the end of subclause (vii) with "; and" and (iii) to add a new subclause (viii) to read as follows:

(viii) Investments in the Nordstrom Canada Entities (including any debtor-in-possession financing provided by the Borrower and its Subsidiaries to the Nordstrom Canada Entities or any of them or any other amounts provided under any wind-down agreement with the Nordstrom Canada Entities or any of them), the establishment and maintenance of any employee trusts, and the waiver of any claims or purchase of assets under a plan of compromise or arrangement, in each case, to the extent required as a result of or in connection with any CCAA Proceedings; provided, that, the aggregate amount of Investments made pursuant to this Section 6.10(b)(viii) shall not exceed the "Section 6.10(b)(viii) Investment Cap" on Schedule 1 to the First Amendment.

(f) The following sentence is hereby added at the end of Section 6.10(b) to read as follows:

Notwithstanding anything to the contrary contained herein, no Investments shall be made in the Nordstrom Canada Entities other than (x) Investments outstanding on the First Amendment Effective Date and (y) Investments made pursuant to Section 6.10(b)(viii).

(g) Section 7.1(g) of the Credit Agreement is hereby amended to read as follows:

(g) Voluntary Bankruptcy; Appointment of Receiver, Etc. The Borrower or any Loan Party shall institute a voluntary case seeking liquidation or reorganization under Chapter 7 or Chapter 11, respectively, of the Bankruptcy Code or any similar proceeding under any Debtor Relief Law or any other Applicable Law, or shall consent thereto; or shall consent to the conversion of an involuntary case to a voluntary case; or shall make a proposal to its creditors or file notice of its intention to do so, shall institute any other proceeding under Applicable Law seeking to adjudicate it a bankrupt or an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors, composition of it or its debts or any other similar relief, or shall file a petition, answer a complaint or otherwise institute any proceeding seeking, or shall consent to or acquiesce in the appointment of, a receiver, receiver-manager, liquidator, sequestrator, custodian, trustee or other officer with similar powers over the Borrower or any Loan Party or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business; or shall make a general assignment for the benefit of creditors; or shall generally not pay, or shall admit in writing its inability to pay, its debts as they become due; or the board of directors of the Borrower or any Loan Party (or any committee thereof) shall adopt any resolution or otherwise authorize action to approve any of the foregoing; provided, that, notwithstanding the foregoing, any CCAA Proceedings, any subsequent proceedings (including, without limitation, any bankruptcy proceedings under the Bankruptcy and Insolvency Act (Canada)), any participation in such CCAA Proceedings or subsequent proceedings affecting the Nordstrom Canada Entities, direct or indirect, or any support provided by the Borrower or any Loan Party in connection therewith (it being understood that any such support that constitutes an

Investment, shall be subject to Section 6.10(b)(viii)) and in connection with the wind-down of the Nordstrom Canada Entities shall not constitute an "Event of Default" under this Section 7.1(g).

(h) Section 7.1 of the Credit Agreement is hereby amended to (i) replace the "." at the end of clause (k) with "; or" and (ii) to add a new clause (l) to read as follows:

(l) There shall be a money judgment, writ or warrant of attachment against any Loan Party, or the assets of any Loan Party, or a final order of a court of competent jurisdiction against any such Loan Party or the assets of any such Loan Party, in each case, in the CCAA Proceedings or any subsequent or other proceeding directly related to or arising out of the CCAA Proceedings, and such judgement, writ, warrant or final order is for a cash amount payable by such Loan Party or the disgorgement of certain money, property or assets of such Loan Party, or divests such Loan Party of its interest in assets with a value, (i) individually or in the aggregate, in excess of \$100,000,000, and (ii) that is not satisfied, compromised or released in any plan of compromise or arrangement (or other means of settlement) implemented in the CCAA Proceedings or any subsequent or other proceeding directly related to or arising out of the CCAA Proceedings; provided that, no Event of Default shall exist if (x) payment of such judgement, writ, warrant or final order is covered in full by insurance and the insurer has affirmed such coverage; or (y) the Borrower is in good faith prosecuting an appeal of such judgement, writ, warrant or final order and has (A) deposited funds as required for such appeal, if any, and (B) reserved amounts on its books for such judgement, writ, warrant or final order as required in accordance with GAAP; or (z) such judgment, writ, warrant or final order is stayed or dismissed within a period of ninety (90) days.

2. Release of NCRI. Effective automatically upon the First Amendment Effective Date, the Agent hereby (a) automatically releases NCRI without any further action whatsoever from all of its obligations and liabilities of any and every kind or character, whether known or unknown, present or future, arising under the Guaranty, the Canadian Security Agreement and each other Loan Document (and the Canadian Security Agreement shall cease to be a "Collateral Document") and (b) releases, discharges and disclaims each Lien granted by NCRI in favor of the Agent pursuant to the Guaranty and the other Loan Documents. At the sole expense of the Borrower, the Agent will execute, as applicable, and deliver to the Borrower (or any designee of the Borrower) any such lien releases and/or lien terminations, authorizations to discharge security interests, discharges of security interests, pledges and/or guarantees, and other similar release, discharge and/or termination documents as are reasonably requested by the Borrower and are necessary to release, terminate or discharge, as of record, the security interests and Liens in favor of the Agent on the assets of NCRI. Without limiting the generality of the foregoing, effective automatically upon the First Amendment Effective Date, the Agent authorizes NCRI and any other party on behalf of NCRI (including, without limitation, Lane Powell PC and Osler, Hoskin & Harcourt LLP) to file the Personal Property Security Act financing change statements and UCC-3 termination statements in the forms attached hereto as Exhibit A. Notwithstanding this Section 2, the Credit Agreement and each other Loan Document remain in full force and effect with respect to each Loan Party, other than NCRI.

For the avoidance of doubt, the execution of this First Amendment by the Required Lenders shall constitute confirmation by the Required Lenders that the Agent is authorized to release NCRI from its obligations under the Loan Documents.

3. Effectiveness; Conditions Precedent. This First Amendment shall be effective upon satisfaction of the following conditions:

(a) Receipt by the Agent of copies of this First Amendment duly executed by the Borrower, the Guarantors, the Agent and the Required Lenders.

(b) The Borrower shall have paid all fees due and owing to the Administrative Agent and the Lenders.

(c) The Borrower shall have paid all reasonable fees, charges and disbursements of counsel to the Agent (directly to such counsel if requested by the Agent) to the extent invoiced at least one (1) Business Day prior to the date hereof.

4. Ratification of Credit Agreement. On and after the First Amendment Effective Date, the term "Credit Agreement" as used in each of the Loan Documents shall hereafter mean the Credit Agreement as amended and modified by this First Amendment. Except as herein specifically agreed, the Credit Agreement, as amended by this First Amendment, is hereby ratified and confirmed and shall remain in full force and effect according to its terms. Each of the Loan Parties acknowledges and consents to the modifications set forth herein and agree that, except as herein specifically agreed, this First Amendment does not impair, reduce or limit any of its obligations under the Loan Documents (including, without limitation, the indemnity obligations set forth therein) and that, after the date hereof, this First Amendment shall constitute a Loan Document.

5. Authority/Enforceability. Each of the Loan Parties, including NCRI, represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this First Amendment.

(b) This First Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this First Amendment.

(d) The execution and delivery of this First Amendment does not (i) violate, contravene or conflict with any provision of its organization or formation documents or (ii) materially violate, contravene or conflict with any law, regulation, order, writ, judgment, injunction, decree or permit applicable to it or any of its Subsidiaries.

6. Representations and Warranties of the Loan Parties. Each of the Loan Parties, other than NCRI, represents and warrants to the Agent and each Lender that (a) the representations and warranties of the Loan Parties other than NCRI set forth (i) in Article IV of the Credit Agreement and (ii) in the other Loan Documents are true and correct in all material respects as of the First Amendment Effective Date (except to the extent a representation and warranty specifically refers to an earlier date and then as of such earlier date) and (b) after giving effect to this First Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

7. Counterparts/Electronic Delivery. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this First Amendment by

telecopy or electronic transmission of a "PDF" copy shall be effective as an original and shall constitute a representation that an original shall be delivered promptly upon request.

8. **GOVERNING LAW.** THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. The jurisdiction, service of process, waiver of venue and waiver of jury trial provisions of Sections 9.12 and 9.23 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed as of the date first above written.

BORROWER: NORDSTROM, INC.

By:
Name:
Title:

GUARANTORS: NORDSTROM, INC.

all of the Company's operations, since either of these might convey enough information about the Company's consolidated results to be considered material information. Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of information should be resolved in favor of materiality, and trading should be avoided. Please refer to Section 4.A for some examples of what may constitute material information.

By: If you are unsure whether information is material, you should either consult the General Counsel before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material and treat it as confidential.

Name:

Title: Definition of "Nonpublic" Information

NIHC, INC. Insider trading prohibitions come into play only when you possess information that is "material" and "nonpublic." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public. Please refer to Section 4.B for some examples of what may constitute nonpublic information.

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the General Counsel or assume that the information is nonpublic and treat it as confidential.

Pre-clearance Procedures

The following provisions detail the procedures for pre-clearance for Section 16 Individuals, along with any additional Designated Insiders that may be required to comply with the pre-clearing process from time to time:

By: 1.

Name:
Title:

NORDSTROM CARD SERVICES, INC. A request for pre-clearance must be submitted to the General Counsel in advance of the proposed transaction at corporatesecretary@nordstrom.com. Until the General Counsel provides pre-clearance for the proposed transaction in an email, such Section 16 Individual shall not execute any transaction.

By: 2.

Name:

Title: If a request for pre-clearance is approved, a Section 16 Individual will have three (3) business days to affect the transaction (or until the Company's open trading window closes, if sooner). Under no circumstance may any Section 16 Individual transact while aware of MNPI about the Company, even if pre-cleared. If for any reason the transaction is not completed within this time period, the Section 16 Individual must again request and obtain pre-clearance

NORDSTROM CANADA RETAIL, INC.

from the General Counsel before engaging in any transactions in Company securities.

By: 3. The General Counsel's approval of any particular transaction under this pre-clearance procedure does not insulate any Section 16 Individual from liability under the securities laws. Ultimate responsibility for determining whether an individual is aware of MNPI about the Company rests with the individual in all cases.

Name:

Title: 4. If the General Counsel desires to complete any transactions involving Company securities, he or she must first obtain the written approval of the Chief Executive Officer or the Chief Financial Officer of the Company.

5. The existence of these approval procedures does not in any way obligate the General Counsel (or in the case of any transaction by the General Counsel, the Chief Executive Officer or the Chief Financial Officer of the Company) to approve any transactions requested.
6. Pre-clearance is not required for purchases and sales of securities under an approved Rule 10b5-1 plan as described below. However, any Section 16 Individual who desires to establish, terminate, modify, alter, or suspend a Rule 10b5-1 plan which directs trading in Company securities must first receive pre-approval from the General Counsel.
7. Any questions about the Policy and whether it applies to any given transaction should be discussed with the General Counsel at corporatesecretary@nordstrom.com before any transaction. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.

Exception for Approved Rule 10b5-1 Plans

A. General Information

Under Rule 10b5-1 of the Securities Exchange Act of 1934 ("Exchange Act"), an individual has an affirmative defense against an allegation of insider trading if he or she can demonstrate that the purchase, sale or trade in question took place pursuant to a binding contract, specific instruction or written plan that was put into place before he or she became aware of MNPI.

Rule 10b5-1 plans may provide protection against insider trading liability. However, they also require advance commitments regarding the amounts, process and timing of purchases or sales of Company securities, limiting flexibility and discretion. Section 16 Individuals and Designated Insiders may use Rule 10b5-1 trading plans when trading in Nordstrom stock but are not required to do so. Other Covered Persons may use Rule 10b5-1 plans as well so long as they comply with all requirements of SEC Rule 10b5-1.

Beginning with the third fiscal quarter of 2023, the Company is required to disclose in each periodic report it files with the SEC:

- whether any director or officer has adopted, modified, or terminated a Rule 10b5-1 plan or non-Rule 10b5-1 trading arrangement; and
- the material terms of each plan, including the name and title of the director or officer; the date the plan was adopted, modified, or terminated; the plan's duration; and the total amount of securities to be purchased or sold under the plan. Note, however, that as of February 23, 2023 the Company will not be required to disclose pricing terms.

B. Plan Rules and Requirements

The following are requirements for all Covered Persons, whether or not they are Section 16 Individuals or Designated Insiders (except where a requirement is expressly stated to apply to a certain subset of Covered Persons).

1. **Pre-Approval.** Any Section 16 Individual who desires to establish, terminate, modify, alter, or suspend a Rule 10b5-1 plan which directs trading in Company securities must first receive pre-approval from the General Counsel.
2. **MNPI and Open Trading Window.** Any person desiring to enter into a Rule 10b5-1 plan must enter into that plan at a time when he or she is not aware of any MNPI about the Company and during a period when the Company's trading window is open and not otherwise subject to a special trading blackout window.
3. **Mandatory Waiting Period.** In accordance with Rule 10b5-1, the Company requires a mandatory waiting period for Section 16 Individuals extending until the later of (i) 90 days after adopting or modifying the Rule 10b5-1 plan; and (ii) two business days after the release of financial results on Form 10-Q or Form 10-K for the fiscal quarter in which the Rule 10b5-1 plan was adopted or modified before the date of the first possible transaction under the Rule 10b5-1 plan. In any case, the mandatory waiting period shall not exceed 120 days after adopting or modifying the Rule 10b5-1 plan.
4. **Plan Design.** As a general matter, all Rule 10b5-1 plans must meet the requirements of SEC Rule 10b5-1. All Rule 10b5-1 plans must:
 - a) Specify the amount, price and specific dates of purchases or sales covered under the Rule 10b5-1 plan or include a formula or similar method for determining amount, price, and date;
 - b) Include a certification at the time of adoption or modification that: (i) the person entering into the plan is not aware of any MNPI about the Company or its securities and (ii) such person is adopting or modifying the Rule 10b5-1 plan in good faith and not as part of a scheme to evade the prohibitions of Section 10(b) and Rule 10b-5 under the Exchange Act;
 - c) Require anyone entering into a Rule 10b5-1 plan to act in good faith with respect to the Rule 10b5-1 plan; and
 - d) Other than terminating the Rule 10b5-1 plan as permitted by law when such person is not aware of any MNPI about the Company and when the Company's trading window is open and not otherwise subject to a special trading blackout window, Rule 10b5-1 plans must not permit such person to exercise subsequent influence over how, when or whether to effect any transactions specified under the plan.
5. **Multiple Overlapping Rule 10b5-1 Plans Prohibited.**
 - a) **General Rule.** Covered Persons are prohibited from adopting multiple or overlapping Rule 10b5-1 Plans and may have no more than one (1) Rule 10b5-1 plan outstanding at any time.
 - b) **Multiple Broker Exception.** The use of multiple brokers to execute trades in different accounts may be treated as a single "plan" so long as each of the contracts taken as a whole meet all the requirements applicable to Rule 10b5-1 plans, and any modification to one of the contracts would be deemed a modification of each other contract.
 - c) **Subsequent Plan Exception.** A Covered Person may adopt a new Rule 10b5-1 trading plan while another Rule 10b5-1 trading plan is in operation, so long as the first trade under the new plan will not occur until the existing plan expires or terminates by its terms. However, if such person terminates the current plan early, and the first trade under the new plan was scheduled to occur in the mandatory waiting period, then the new plan would not receive the benefit of the affirmative defense. Conversely, if the first trade under the new plan was scheduled to occur only after the mandatory waiting period, then the new plan would receive the benefit of the affirmative defense.
 - d) **Sell-to-Cover Exception.** An additional Rule 10b5-1 trading plan (or plans) may be used for certain sell-to-cover transactions, i.e., instructing the broker or agent to sell securities in order to satisfy tax withholding obligations at the time an equity award vests, so long as the additional plan or plans are only for authorized sell-to-cover transactions (and only for securities necessary to satisfy specific tax withholding obligations), and the Covered Person does not exercise any control over the timing of the sales.
6. **Single Trade Plans.** The affirmative defense is only available for a single trade plan once every 12 months.

AGENTS AND LENDERS: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Agent, Swing Line Lender, L/C Issuer and Lender

By:
Name:

Title:

BANK OF AMERICA, N.A.,
as L/C Issuer and Lender

By:
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as L/C Issuer and Lender

By:
Name:
Title:

Fifth Third Bank, National Association,
as a Lender

By:
Name:
Title:

JPMorgan Chase Bank, N.A.,
as a Lender

By:
Name:
Title:

MUFG Bank, Ltd.,
as a Lender

By:
Name:
Title:

The Bank of Nova Scotia,
as a Lender

By:
Name:
Title:

The Toronto-Dominion Bank, New York Branch,
as a Lender

By:
Name:

Title:

Goldman Sachs Bank USA,

as a Lender

By:

Name:

Title:

Morgan Stanley Bank, N.A.,

as a Lender

By:

Name:

Title:

KeyBank National Association,

as a Lender

By:

Name:

Title:

The Bank of New York Mellon,

as a Lender

By:

Name:

Title:

Bank of Hawaii,

as a Lender

By:

Name:

Title:

7. Hedging Transactions. The inclusion of hedging transactions in any Rule 10b5-1 plan are prohibited.

C. Additional Rule 10b5-1 Plan Administration Guidelines

The following additional guidelines will apply to all Rule 10b5-1 plans entered into by Covered Persons:

1. To reduce the perception that a Covered Person is inappropriately communicating with or influencing its broker, all Covered Persons are strongly encouraged to use the broker approved by the Company to implement Rule 10b5-1 plans, rather than their own broker.
2. Should a Section 16 Individual (with the permission of the General Counsel), or other Covered Persons that is not a Section 16 Individual, terminate or modify a Rule 10b5-1 plan, the requisite mandatory waiting period noted above will apply prior to any transaction being made pursuant to the modified Rule 10b5-1 plan or a new approved Rule 10b5-1 plan.

3. Any third-party effecting any purchase or sale under a Rule 10b5-1 plan on behalf of the Section 16 Individual must be instructed to send duplicate confirmations of all such transactions to the General Counsel.

Exhibit 21.1

Nordstrom, Inc. and Subsidiaries
Significant Subsidiaries of the Registrant
As of and for the fiscal year ended January 28, 2023 February 3, 2024

Name of Subsidiary	Jurisdiction of Incorporation
Nordstrom Card Services, Inc.	Delaware
Nordstrom International Limited ¹	Washington
Nordstrom Card Services, Inc.	Delaware

¹ As of January 28, 2023, Nordstrom International Limited included the Company's investment in Nordstrom Canada. On March 2, 2023, Nordstrom Canada commenced a wind-down of its business operations. See operations (see Note 15: Subsequent Events 2: Canada Wind-down in Item 8 of the 2022 2023 Annual Report on Form 10-K for further detail on 10-K) and as of this subsequent event date, Nordstrom Canada was deconsolidated from Nordstrom, Inc.'s financial statements. Prior to deconsolidation, Nordstrom International Limited included the Company's investment in Nordstrom Canada.

Exhibit 31.1

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

I, Erik B. Nordstrom, certify that:

- I have reviewed this Annual Report on Form 10-K of Nordstrom, Inc.;
- 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;
- 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;
- 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:
 - 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;
 - 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;
 - 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
- 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):
 - 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: March 10, 2023 19, 2024

/s/ Erik B. Nordstrom

Erik B. Nordstrom

Chief Executive Officer of Nordstrom, Inc.

Exhibit 31.2

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

I, Michael W. Maher, Cathy R. Smith, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 10, 2023 19, 2024

/s/ Michael W. Maher Cathy R. Smith

Michael W. Maher Cathy R. Smith

Interim Chief Financial Officer and Chief
Accounting Officer of Nordstrom, Inc.

Exhibit 32.1

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 Annual Report of Nordstrom, Inc. (the "Company") on Form 10-K for the period ended January 28, 2023 February 3, 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 Michael W. Maher, Interim Cathy R. Smith, Chief Financial Officer and Chief Accounting 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: March 10, 2023 19, 2024

/s/ Erik B. Nordstrom

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

/s/ Michael W. Maher Cathy R. Smith

Michael W. Maher Cathy R. Smith
Interim Chief Financial Officer and Chief Accounting 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.

Exhibit 97.1

NORDSTROM, INC.
CORPORATE GOVERNANCE GUIDELINES
(as amended on August 16, 2023)

Clawback Policy

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously filed financial statements with the SEC that (i) is material to the previously filed financial statements, or (ii) would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement"), the independent members of the Board, upon the recommendation of the CPCC, will cause the Company to promptly recover, to the fullest extent permitted under applicable law (and subject to the exceptions described in the NYSE listing standards), any erroneously awarded Incentive Compensation (as defined below) received by an Executive Officer (as defined below) during the three completed fiscal years immediately before the date on which the Company is required to prepare such a Restatement (as defined below).

For purposes of this policy:

- (i) The date that the Company is required to prepare a Restatement will be the earlier of (a) the date that the Board or Board Committee (or if Board or Board Committee action is not required, the officer(s) of the Company authorized to take such action) concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (b) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement.

- (ii) The term “Incentive Compensation” means any compensation that is granted, earned or vested based wholly or in part on the attainment of a Financial Reporting Measure (as defined below).
- (iii) The term “Executive Officer” means the Company’s current and former Section 16 officers. This policy applies to Incentive Compensation received by an Executive Officer (a) after beginning services as an Executive Officer; and (b) if that person served as an Executive Officer at any time during the performance period for such Incentive Compensation.
- (iv) Incentive Compensation will be deemed to be “received” by an Executive Officer in the Company’s fiscal period during which the applicable Financial Reporting Measure (as defined below) described in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation happens after the end of that period.

-
- (v) The term “Financial Reporting Measures” means any measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, regardless of whether such measures are presented within the Company’s financial statements or included in a filing with the SEC. Financial Reporting Measures may include GAAP and non-GAAP measures, including but not limited to stock price and total shareholder return.

The amount to be recovered from an Executive Officer pursuant to this policy in the event of a Restatement will be the amount of Incentive Compensation received by the Executive Officer that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, calculated without regard to any taxes paid, plus, as determined by the Board in its discretion, interest or earnings. Where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in the Restatement (as with Incentive Compensation based on stock price or total shareholder return), the Board will determine such amount based on a reasonable estimate of the effect of the Restatement on the applicable Financial Reporting Measure, and the Board will document any such estimate and provide such documentation to NYSE upon request.

To the extent this policy provides for recovery of Incentive Compensation that the Company has recovered from an Executive Officer pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or any other recovery obligation, the amount already recovered from such Executive Officer may be credited against the recovery required under this policy.

The independent members of the Board will determine, in their absolute discretion and considering the applicable facts and circumstances, the method(s) for recovering any erroneously awarded Incentive Compensation, which method(s) need not be applied consistently, so long as any such method provides for reasonably prompt recovery and otherwise complies with any requirements of the NYSE listing rules and applicable law.

Notwithstanding the terms of any agreement, policy or governing document of the Company to the contrary, the Company will not indemnify any Executive Officer against (a) the loss of any erroneously awarded Incentive Compensation, or (b) any claim relating to the Company’s enforcement of its rights under this policy.

This policy will be effective as of the date the corporate governance guidelines are adopted by the Board (the “Effective Date”) and will apply to any Incentive Compensation that is (a) approved, awarded or granted to an Executive Officer on or after the Effective Date, or (b) received by an Executive Officer on or after the Effective Date.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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