

First Quarter 2022 Earnings

macy's inc



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26 May 2022

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All statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this presentation because of a variety of factors, including the effects of the novel coronavirus (COVID-19) on Macy's customer demand and supply chain, as well as its consolidated results of operation, financial position and cash flows, Macy's ability to successfully implement its Polaris strategy, including the ability to realize the anticipated benefits within the expected time frame or at all, conditions to, or changes in the timing of proposed real estate and other transactions, prevailing interest rates and non-recurring charges, the effect of potential changes to trade policies, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers' outlets, the Internet and catalogs and general consumer spending levels, including the impact of the availability and level of consumer debt, possible systems failures and/or security breaches, the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill, Macy's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional or global health pandemics, and regional political and economic conditions, the effect of weather, inflation, the amount and timing of future dividends and share repurchases and other factors identified in documents filed by the company with the Securities and Exchange Commission, including under the captions "Forward-Looking Statements" and "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended January 29, 2022. Macy's disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation includes non-GAAP financial measures that exclude the impact of certain financial statement items. Additional important information regarding these non-GAAP financial measures as well as others used in the earnings release can be found on the Investors section of our website and in the appendix of this presentation.

First Quarter Results

First Quarter Snapshot

<i>millions, except per share figures and percentages</i>	1Q22	1Q21
Net Sales	\$5,348	\$4,706
Comp sales - owned	12.8%	62.5%
Comp sales - owned + licensed	12.4%	63.9%
Credit card revenues, net	\$191	\$159
Gross margin	\$2,117	\$1,817
Gross margin rate	39.6%	38.6%
Selling, general & administrative expense (SG&A)	\$1,879	\$1,748
SG&A rate	35.1%	37.1%
Asset sale gains	\$42	\$6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$676	\$454
Adjusted EBITDA	\$684	\$473
Diluted earnings per share (EPS)	\$0.98	\$0.32
Adjusted Diluted EPS	\$1.08	\$0.39

First Quarter Highlights

- Adjusted diluted earnings per share of \$1.08 and diluted earnings per share of \$0.98
- Comparable sales up 12.8% on an owned basis and up 12.4% on an owned plus licensed basis versus 1Q21
- Digital sales grew 2% versus 1Q21 and 34% versus 1Q19
 - Digital penetration was 33% of net sales, a 4-ppt decline from 1Q21, but a 9-ppt improvement over 1Q19
- Gross margin for the quarter was 39.6% up from 38.6% in 1Q21
 - Merchandise margin improvement largely due to higher average unit retail driven by lower promotions on regular price merchandise, ticket price increases and category mix
 - Delivery expense as a percent of net sales decreased 50 basis points from 1Q21, due to decreased digital penetration
- Inventory turnover, on a trailing twelve-month basis, increased 9% over 2021 and 18% over 2019
 - Inventory was up 17% from 2021 and down 10% versus 2019
 - Inventory performance was impacted by the downshift in consumer demand from active/casual and soft home categories to accelerated demand at occasion-based apparel, coupled with the loosening in supply chain constraints resulting in a higher percentage of receipts than expected.
 - The company believes that its pricing science and disciplined buying behavior puts it in a position to navigate the dynamic environment
- SG&A expense of \$1.9 billion, a \$131 million increase from 1Q21
 - SG&A as a percent of sales was 35.1%, an improvement of 200 basis points from 1Q21
 - The quarter benefited from expense leverage in conjunction with growing sales driven by disciplined expense management

First Quarter Financial Highlights

<i>millions, except per share figures and percentages</i>	1Q22	Notes
Credit Revenue	\$191	<ul style="list-style-type: none"> Performance driven by better-than-expected bad debt levels and higher sales
Change to 1Q21	+\$32	
Gross Margin	\$2,117	<ul style="list-style-type: none"> Merchandise margin improved 50 bps, benefiting from higher AURs driven by lower promotions, higher ticket prices and a changing category mix
Change to 1Q21	+\$300	
Gross Margin Rate	39.6%	<ul style="list-style-type: none"> Delivery expense was 4.3% of net sales, 50 bps lower than 1Q21, reflecting the 4 ppt decline in digital penetration
Change to 1Q21	+100 bps	
SG&A Expense	\$1,879	<ul style="list-style-type: none"> Driven by disciplined expense management in the face of sales growth, achieved strong performance even with material wage inflation across the organization
Change to 1Q21	+\$131	
SG&A Rate	35.1%	<ul style="list-style-type: none"> Benefited from growth of Macy's Media Network, which saw net revenue nearly double to \$26 million in the quarter
Change to 1Q21	-200 bps	
Adjusted EBITDA margin	12.8%	<ul style="list-style-type: none"> Outperformance driven by better-than-expected results for gross margin and credit card revenues
Change to 1Q21	+270 bps	
Adjusted Diluted EPS	\$1.08	
Change to 1Q21	+\$0.69	

First Quarter Credit Card Revenue



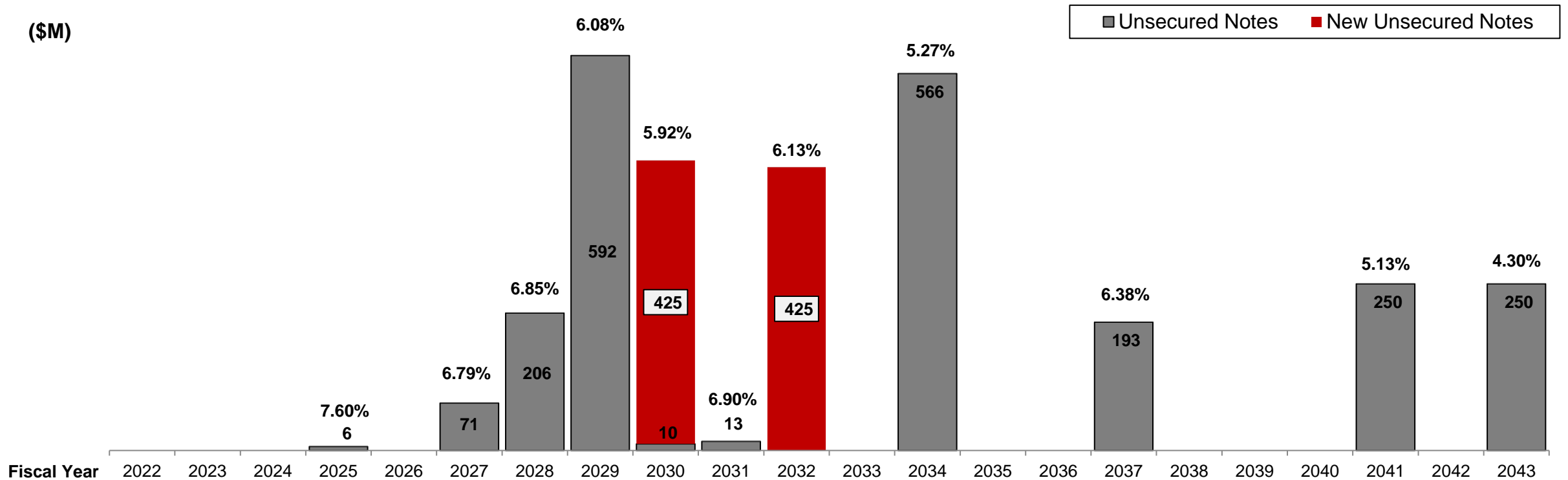
Performance Metrics	1Q22
Net Credit Card Revenue	\$191M, ↑ \$32M from 1Q21
Net Credit Card Revenue Penetration	3.6% of sales, ↑ 20bps vs 1Q21
Digital new accounts	↑ 21% vs 1Q21
New accounts	573K, ↑ 15% to 1Q21
Proprietary card penetration rate	43.1%, ↑ 110 bps to 1Q21

- Digital new account growth driven by stronger approval rates, consistent with healthier online credit customer

Capital Allocation

- **Cash flow from operating activities of \$248 million**, driven by higher Adjusted EBITDA offset by a working capital outflow of \$213 million
 - Working capital movement is the result of an increase in merchandise inventories net of merchandise payables, and a decrease in accounts payable and accrued expenses
- **Capital expenditures of \$261 million**
- **Increased financial flexibility and boosted liquidity**
 - Removed the collateral from the second lien bonds so now all long-term debt is unsecured
 - Redeemed \$1.1 billion of its near-term maturity bonds using proceeds from the issuance of \$850 million in unsecured, longer-term bonds, while the remainder was redeemed utilizing cash on hand
 - As a result, the company does not have any material debt maturities for the next 5 years
 - Amended and extended its \$3 billion asset-based credit facility to March 2027
- **Returned \$45 million to shareholders in dividend payments**
- **Repurchased \$600 million of shares under \$2 billion, open-ended share repurchase program**

Remaining Long-term Debt Maturities, as of April 30, 2022



*% represents weighted average interest rate

Brand and Channel Performance

Most Omnichannel Markets are Growing

Increasing importance of interplay between digital and physical assets

Seattle, WA

- **Omni sales growth: +17% vs 1Q21**
- **Stores (10 locations): +18% vs 1Q21**
- **Digital sales growth: +16% vs 1Q21**

San Francisco, CA

- **Omni sales growth: +15% vs 1Q21**
- **Stores (14 locations): +23% vs 1Q21**
- **Digital sales growth: -2% vs 1Q21**

Chicago-Naperville-Elgin, IL

- **Omni sales growth: +11% vs 1Q21**
- **Stores (13 locations): +15% vs 1Q21**
- **Digital sales growth: +5% vs 1Q21**

Boston, MA

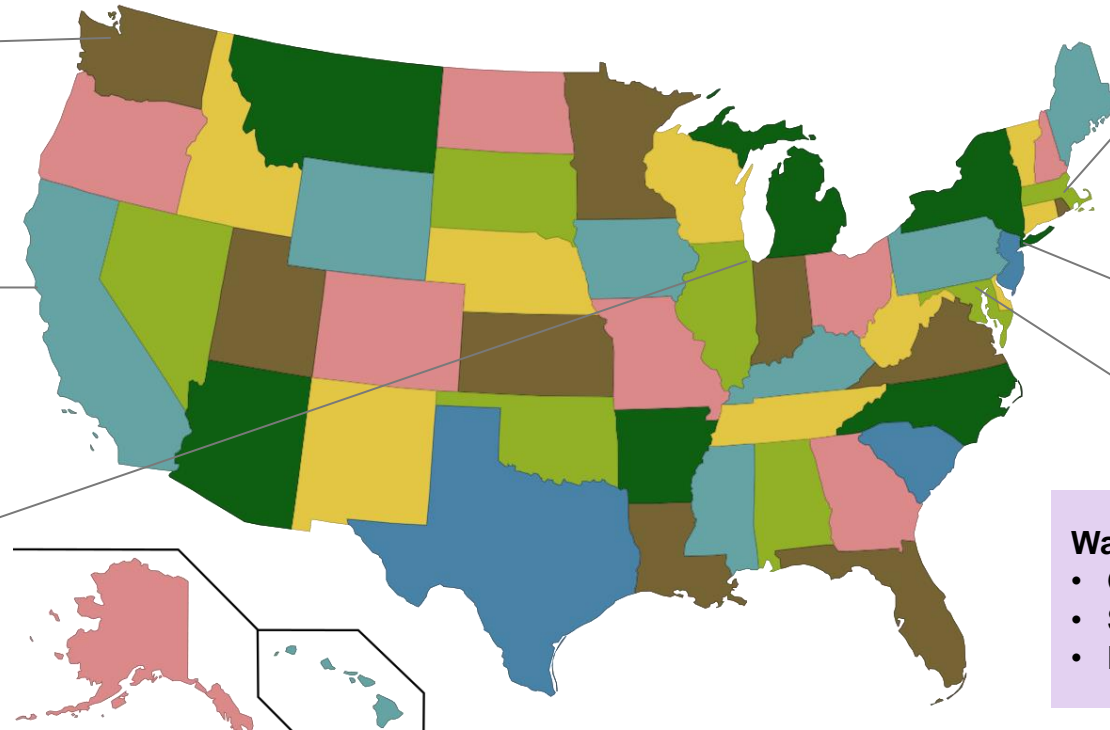
- **Omni sales growth: +23% vs 1Q21**
- **Stores (11 locations): +24% vs 1Q21**
- **Digital sales growth: +21% vs 1Q21**

New York-Newark-Jersey City

- **Omni sales growth: +14% vs 1Q21**
- **Stores (49 locations): +21% vs 1Q21**
- **Digital sales growth: -1% vs 1Q21**

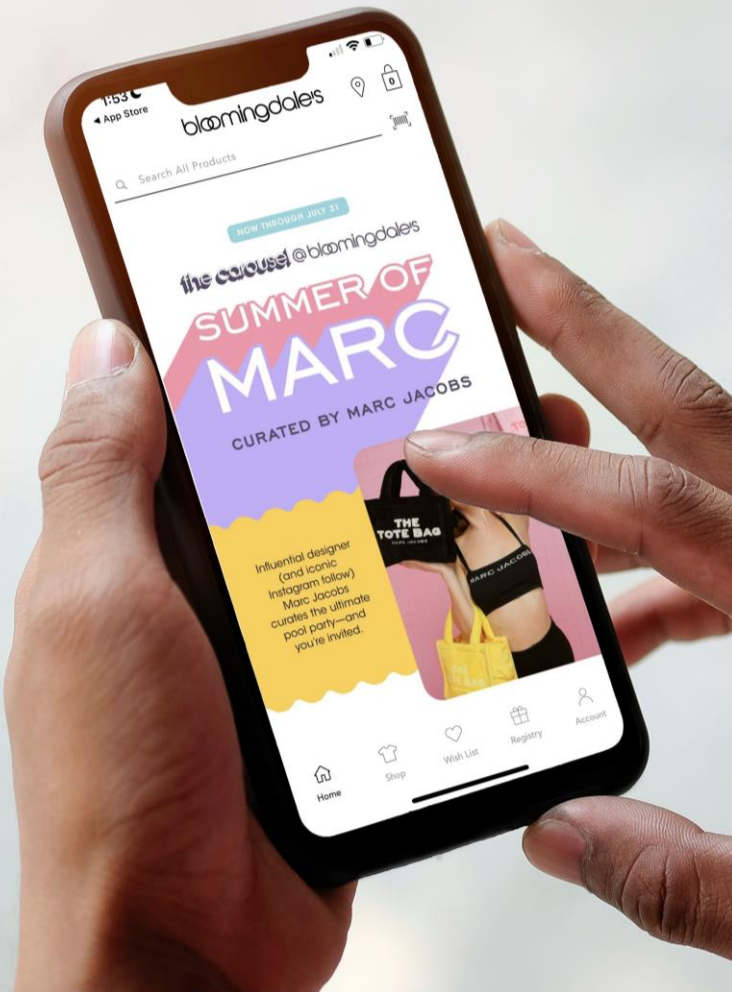
Washington, DC

- **Omni sales growth: +27% vs 1Q21**
- **Stores (17 locations): +31% vs 1Q21**
- **Digital sales growth: +19% vs 1Q21**



More than 88% of the markets with stores saw omnichannel sales growth over 1Q21

Digital Channel Performance Metrics



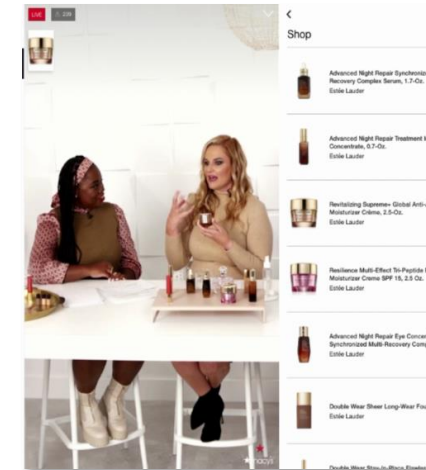
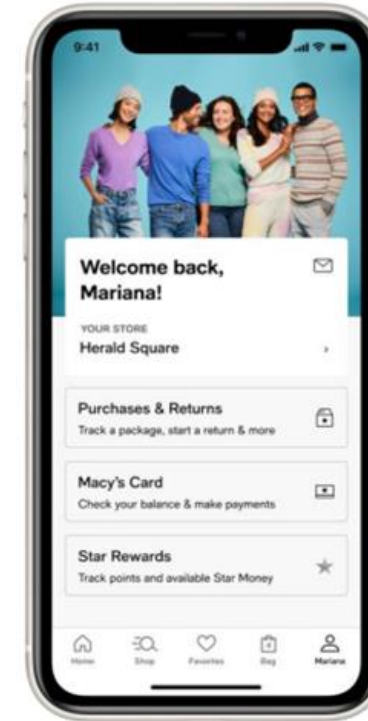
First Quarter 2022	
Sales	Up 2% to 1Q21
Penetration	33% of net sales vs. 37% in 1Q21
Sales from Mobile Devices*	61% of digital demand sales
Number of Visits*	509 million, up 1% to 1Q21
Conversion Rate*	3.8%, down 5% to 1Q21
Vendor Direct % of Digital Sales*	20%
Digital Sales Fulfilled by Stores*	25%

* Figures reflect macys.com only.

Omnichannel Ecosystem Investment Highlights

Digital

- **Mobile App:** redesigned to make it even easier for customers to shop their personal style, price check in-store, build favorites lists, manage their Star Rewards, and track orders
 - Macy's app active customers increased 14% to 7.4 million*
- **Live Shopping:** enables customers to explore the latest trends at both Macy's and Bloomingdale's, discover new products complemented by a social component
 - Since launch, the company has recorded ~99 episodes
 - Higher than average conversion from customers who interact with video vs total macys.com
- **Personalization:** growth engine for the company in early development. Through enhanced capabilities, expect to increase engagement that drives positive brand perception, additional visits and purchases
 - Encouraging early results with revenue driven by personalized product recommendations +13%
 - Testing and iterating to find the best communication channels, frequency, messages, and offers
- **Digital Marketplace:** Macy's launching in 3Q22 with the expectation to scale it over 2H22
 - Partnering with Mirakl, an enterprise marketplace technology company to power the platform
 - Carefully selected 3rd-party merchants will sell products on macys.com and bloomingdales.com
- **Macy's Media Network:** In-house media agency that enables B2B monetization of advertising partnerships
 - Generated \$26 million in the net revenue that flows through SG&A in 1Q21, nearly 2x the prior year
 - Across Macy's and Bloomingdale's, 320 vendors have participated since inception
 - Anticipate that vendor and campaign count will continue to grow as the company expands its vendor base with the upcoming launch of marketplace



*An app active customer is defined as an app user that had 1+ purchase with Macy's on any app platform, pulled on a trailing twelve-month basis

Omnichannel Ecosystem Investment Highlights

Store

- **Full-line Stores:** Building new capabilities to ensure the shopping experience is as convenient and compelling as possible
 - Iterating on store fleet to create a connected, tech-enabled omni ecosystem
 - Reimagining full in-store experience for customers while maximizing productivity and functionality of every location
 - Own Your Style enables stores to act as style destinations
 - Investing in customer service experience by enhancing our At Your Service center
- **Off-Mall Small Format:** potential to expand market share is enhanced by Market by Macy's and Bloomie's
 - Targeting opening 5-10 off-mall locations in 2022, a mix of Market by Macy's, Freestanding Backstage, Bloomie's and Bloomingdale's the Outlet
 - Integral to supporting digitally led omnichannel ecosystem, playing different roles:
 - In-fill locations where the company already has a store presence but sees an opportunity to gain more foot traffic and a new customer base within the market
 - Replacement locations for markets where the closure of an underperforming big box location would result in a market exit
 - New markets where the company hasn't had a store presence before



Distribution Centers

- **Expanding and relocating distribution centers** to support business growth and serve the growing customer base
 - Regularly reviewing supply chain locations for opportunities to leverage network and improve cost efficiencies

Colleagues

- **Raised the Minimum Rate to \$15/Hour:** as of May 2022, raised the minimum rate across all Macy's, Inc. locations for new and current colleagues. Increases average total pay for hourly colleagues to ~\$20 an hour
- **Providing a Debt-free Education Benefit Program:** US-based, regular, salaried and hourly colleagues are able to pursue a range of education programs with 100% of tuition, books and fees covered



Nameplate First Quarter Highlights



	1Q22
Comparable sales - owned + licensed	Up 10.1% compared to 1Q21
Digital Penetration	33%



	1Q22
Comparable sales - owned + licensed	Up 26.9% compared to 1Q21
Digital Penetration	35%



	1Q22
Comparable sales - owned + licensed	Up 25.2% compared to 1Q21
Digital Penetration	18%

Macy's First Quarter Customer Highlights



~44.4M active customers shopped the Macy's brand*

+14% compared to 1Q21



~29.1M Star Rewards active members made up ~69% of the total Macy's brand owned-plus-licensed sales*

+6 ppt compared to 1Q21

Macy's Merchandising Update

Wide assortment of categories, products and brands gives Macy's the ability to meet and flex with customer demand

Top Performing Categories

- Fragrances, dresses, men's clothing, women's shoes and furnishings

Reinventing Private Brands

- Private brands provide higher margin, drive loyalty and repeat visits
- Early stages of reimagining private brand portfolio that is differentiated, defensible and durable
 - Developing original design and distinctive brand identities, values, and principles
 - Modernized size and fit approach so that all customers can own their personal style
- Will act as an important component of the company's customer retention and acquisition priorities

Growing Relevancy for Next Gen. of Customers

- Announced new platforms to grow brand relevancy for the next generation of customers and add equity to the company's consumer and corporate brand
 - *Own Your Style*: multiyear brand platform and tagline celebrating individuality and placing customers at the center of communication
 - *Mission Every One*: social purpose platform developed to build on the company's heritage of corporate citizenship and to achieve positive societal change

Building Best-in-Class Experiences through Brand Partnerships

- *Toys 'R' Us*, expect to open SWS in all locations during 2H2022
 - 87% of Toys "R" Us customers cross-shopped categories
 - Increased toy sales ~2x over 1Q21
- *Pandora*, in-store brand partner addition, seeing a strong customer response
 - Opened 3 locations in Q1, bringing total to 8; planning to add 29 through 2022



Macy's Backstage Highlights

	End of Q1 2022	End of FY2021
Stores Opened	23	48
Stores within Stores	22	46
Freestanding	1	2
Total Store Count	292	271
Stores within Stores	283	263
Freestanding	9	8

- Comparable sales for Backstage locations store-within-store locations open more than one year saw high single digit comp increases versus 1Q22
 - Driven by continued strong performance in kid's apparel, men's, dresses, missy sportswear and luggage as well as higher AURs
- Customers under-40 made up about 26% of Backstage store-within-store customers, slightly higher than Macy's full-price customers
 - 57% of all Backstage customers are diverse
- Significant cross-shopping*
 - 86% of Backstage customers cross shop multiple Macy's, Inc. nameplates
 - 19% of Backstage customers cross shop with Macy's driving 34% of sales in SWS
 - Cross shoppers shop 6.4x a year versus regular shoppers at 3.1x
- Continuing to aggressively grow Backstage
 - Recently opened Herald Square SWS, largest SWS location to date
 - Opened 300th location in Q2

★ macy's backstage



*Represented from a trailing 12-month basis

★ macy's
backstage

Bloomingdale's and Bluemercury Highlights

bloomingdale's

- 1Q22 comparable sales on an owned-plus-licensed basis up 26.9% compared to 1Q21
- Approximately 4.0 million active customers shopped, on a trailing twelve-month basis, a 21% increase over the prior year period
- Continued to see strong performance from luxury throughout 1Q22
- Results were driven by strong sales of dresses, men's tailored, men and women's contemporary, and luggage



bluemercury®

makeup • skincare • spa

- 1Q22 comparable sales on an owned-plus-licensed basis up 25.2% compared to 1Q21
- Performance driven by an increase in store traffic, coupled with better-than-expected growth in private brands
- As mask restrictions lifted, it saw the return of color – particularly in lip, face and eye categories



Guidance

2022 Full-year Guidance

	2022 GUIDANCE as of 5/26/2022	2022 GUIDANCE as of 2/22/2022
Net sales	\$24,460 million to \$24,700 million, flat to +1.0% growth vs. 2021	\$24,460 million to \$24,700 million, flat to +1.0% growth vs. 2021
Comparable owned-plus-licensed sales three-year CAGR	Approximately 1.1% to 1.4%	Approximately 1.1% to 1.4%
Digital sales	Approximately 35% of net sales	Approximately 37% of net sales
Credit card revenues, net	Approximately 3.1% of net sales	Approximately 2.9% of net sales
Gross margin rate	Between 38.1% and 38.3%	Between 38.1% and 38.3%
SG&A expense rate	Between 33.7% and 33.9%	Between 33.7% and 33.9%
Asset sale gains #	Between \$60 million and \$90 million	Between \$60 million and \$90 million
Benefit plan income	Approximately \$28 million	Approximately \$28 million
Depreciation and amortization	Approximately \$865 million	Approximately \$865 million
Adjusted EBITDA Margin	Between 11.2% and 11.7%	Between 11.0% and 11.5%
Interest expense, net	Approximately \$190 million	Approximately \$190 million
Adjusted tax rate	Approximately 24%	Approximately 24%
Diluted shares outstanding *	Approximately 283 million	Approximately 300 million
Adjusted diluted EPS	\$4.53 to \$4.95	\$4.13 to \$4.52
Capital expenditures	Approximately \$1 billion	Approximately \$1 billion

Notes: # Future 2022 asset sale gains are expected in the fourth quarter.

* Adjusted diluted EPS assumes no future share repurchases in 2022.

BOLD indicates a change from prior guidance.

Second Quarter 2022 Guidance

Second Quarter 2022 Guidance

Net sales	\$5,480 million to \$5,550 million
* Adjusted diluted EPS	\$0.84 to \$0.94

- Gross margin rate expected to be no lower than rate in second quarter of 2019, reflecting:
 - Anticipation for higher fuel costs within our supply chain network,
 - Markdowns needed to correct inventory levels within overstocked categories
 - The possibility of an elevated promotional environment given the high inventory levels we see in the industry

Macy's, Inc. Store Count – As of April 30, 2022

	End of 1Q22		Change in Locations from FY21
	Boxes	Locations	
Macy's Department Stores*	500	446	
Macy's Furniture	52	47	
Macy's Furniture Clearance	2	2	
Freestanding Backstage	9	9	+1
Macy's Small Format	5	5	
Stores converted to Fullfilment Centers	2	2	
Total Macy's	570	511	1
Bloomingdale's Department Stores	35	33	
Bloomies	1	1	
Bloomingdale's Furniture/Other	1	1	
Bloomingdale's The Outlet	20	20	
Total Bloomingdale's	57	55	
Bluemercury	160	160	
Total Macy's, Inc.	787	726	1

Notes:

- (1) Using store locations combines multi-box stores into a single location, providing a more accurate count of the store fleet
- (2) Excluded in the count above is 283 Macy's Store Within Store Backstage locations located within Macy's stores

*Macy's department stores includes Neighborhood doors with a box count of 55 and location count of 51 as of April 30, 2022. A and B mall location included in the above store types are flagship of 11, magnets of 347, core of 358 and Neighborhood of 24 as of April 30, 2022

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

The company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures provide users of the company's financial information with additional useful information in evaluating operating performance. Management believes that providing supplemental changes in comparable sales on an owned plus licensed basis, which includes adjusting for the impact of comparable sales of departments licensed to third parties, assists in evaluating the company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties, and in evaluating the impact of changes in the manner in which certain departments are operated. Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure which the company believes provides meaningful information about its operational efficiency by excluding the impact of changes in tax law and structure, debt levels and capital investment. In addition, management believes that excluding certain items from EBITDA, net income and diluted earnings per share that are not associated with the company's core operations and that may vary substantially in frequency and magnitude from period-to-period provides useful supplemental measures that assist in evaluating the company's ability to generate earnings and to more readily compare these metrics between past and future periods. Management also believes free cash flow provides a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow includes the impact of capital expenditures, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustment for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

The company does not provide reconciliations of the forward-looking non-GAAP measures of adjusted EBITDA, diluted earnings per share and comparable sales on an owned plus licensed basis to the most directly comparable forward-looking GAAP measures because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate. For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the company's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the company's financial position, results of operations or cash flows and should therefore be considered in assessing the company's actual and future financial condition and performance. Additionally, the amounts received by the company on account of sales of departments licensed to third parties are limited to commissions received on such sales. The methods used by the company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies

Changes in Comparable Sales – Macy's Inc.

Macy's, Inc.	13 weeks ended April 30, 2022	13 weeks ended May 1, 2021
Increase in comparable sales on an owned basis (Note 1)	12.8%	62.5%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.4%)	1.4%
Increase in comparable sales on an owned plus licensed basis	12.4%	63.9%

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation during the 13 weeks ended April 30, 2022 and the 13 weeks ended May 1, 2021. Such calculation includes all digital sales and excludes commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. Definitions and calculations of comparable sales may differ among companies in the retail industry.
2. Represents the impact of including the sales of departments licensed to third parties occurring in stores in operation throughout the year presented and the immediately preceding year and all online sales in the calculation of comparable sales. The company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales. The company does not, however, include any amounts in respect of licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP (i.e., on an owned basis). The amounts of commissions earned on sales of departments licensed to third parties are not material to its net sales for the periods presented.

Changes in Comparable Sales- Macy's brand, Bloomingdale's brand and Bluemercury brand

Macy's	13 weeks ended April 30, 2022
Increase in comparable sales on an owned basis (Note 1)	10.7%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.6%)
Increase in comparable sales on an owned plus licensed basis	10.1%

Bloomingdale's	13 weeks ended April 30, 2022
Increase in comparable sales on an owned basis (Note 1)	28.1%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(1.2%)
Increase in comparable sales on an owned plus licensed basis	26.9%

Bluemercury	13 weeks ended April 30, 2022
Increase in comparable sales on an owned basis (Note 1)	25.2%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.0%
Increase in comparable sales on an owned plus licensed basis	25.2%

Earnings Before Interest, Taxes, Depreciation, and Amortization Excluding Certain Items

	In millions	13 weeks ended April 30, 2022	13 weeks ended May 1, 2021
Most comparable GAAP measure: Net income		\$286	\$103
Net sales		5,348	4,706
Net income as a percent to net sales		5.3%	2.2%
Non-GAAP measure: Net income		\$286	\$103
Interest expense, net		47	79
Losses on early retirement of debt		31	11
Federal, state and local income tax expense		106	37
Depreciation and amortization		206	224
Earnings before interest, taxes, depreciation and amortization		676	454
Impairment, restructuring and other costs		8	19
Adjusted EBITDA		\$684	\$473
Adjusted EBITDA as a percent to net sales		12.8%	10.1%

Net Income, Excluding Certain Items

	In millions	13 weeks ended April 30, 2022	13 weeks ended May 1, 2021
Most comparable GAAP measure: Net income		\$286	\$103
Non-GAAP measure: Net income		\$286	\$103
Impairment, restructuring and other costs		8	19
Losses on early retirement of debt		31	11
Income tax impact of certain items identified above		(10)	(7)
As adjusted to exclude certain items above		\$315	\$126

Diluted Earnings Per Share, Excluding Certain Items

	13 weeks ended April 30, 2022	13 weeks ended May 1, 2021
Most comparable GAAP measure: Diluted earnings per share	\$0.98	\$0.32
Non-GAAP measure: Diluted earnings per share	\$0.98	\$0.32
Impairment, restructuring and other costs	0.03	0.06
Losses on early retirement of debt	0.11	0.03
Income tax impact of certain items identified above	(0.04)	(0.02)
As adjusted to exclude certain items above	\$1.08	\$0.39

Free Cash Flow

	In millions	13 weeks ended April 30, 2022
Net cash provided by operating activities		\$248
Purchase of property and equipment		(171)
Capitalized software		(90)
Disposition of property and equipment		73
Free Cash Flow		\$60