Third Quarter 2022 Earnings

macy's inc

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Safe Harbor Statement

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 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.

Third Quarter Results

Third Quarter Snapshot

millions, except per share figures and percentages	3Q22	3Q21
Net Sales	$5,230	$5,440
Comp sales - owned	(3.1%)	37.2%
Comp sales - owned + licensed	(2.7%)	35.6%
Credit card revenues, net	$206	$213
Gross margin ***Gross margin rate***	$2,026 *38.7%*	$2,233 *41.0%*
Selling, general & administrative expense (SG&A) ***SG&A rate***	$2,057 *39.3%*	$1,973 *36.3%*
Asset sale gains	$32	$50
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$392	$757
Adjusted EBITDA	$439	$765
Diluted earnings per share (EPS)	$0.39	$0.76
Adjusted Diluted EPS	$0.52	$1.23

39 Week Season Snapshot

millions, except per share figures and percentages	YTD 3Q22	YTD 3Q21
Net Sales	$16,178	$15,794
Comp sales - owned	2.3%	52.4%
Comp sales - owned + licensed	2.3%	52.5%
Credit card revenues, net	$601	$568
Gross margin	$6,322	$6,345
Gross margin rate	*39.1%*	*40.2%*
SG&A	$5,918	$5,618
SG&A rate	*36.6%*	*35.6%*
Asset sale gains	$74	$61
EBITDA	$1,681	$1,962
Adjusted EBITDA	$1,738	$2,073
Diluted EPS	$2.37	$2.17
Adjusted Diluted EPS	$2.60	$2.91

Third Quarter Highlights

- Diluted earnings per share of $0.39 and Adjusted diluted earnings per share of $0.52

- Net sales of $5.2 billion, down 3.9% versus 3Q21; up 1.1% versus 3Q19
  - Digital sales decreased 9% versus 3Q21; up 35% versus 3Q19
  - Brick-and-mortar sales decreased 1% versus 3Q21; down 9% versus 3Q19*

- Comparable sales down 3.1% on an owned basis and down 2.7% on an owned plus licensed basis versus 3Q21
  - Comparable sales up 5.6% on an owned basis and up 6.0% on an owned plus licensed basis versus 3Q19

- Inventory turnover, on a trailing twelve-month basis, was relatively flat to 2021 and improved 15% over 2019
  - Inventory up 4% YOY and down 12% to 3Q19 reflecting: disciplined inventory management in an environment of continued supply chain volatility; industry-wide elevated inventory levels; and lean inventory levels in 2021
  - The company strategically brought in seasonal merchandise earlier to strengthen its competitive position for holiday and has the added capacity to chase in-season trends

- Gross margin of 38.7% versus 41.0% in 3Q21

- SG&A expense of $2.1 billion, a $84 million increase from 3Q21
  - SG&A as a percent of sales was 39.3%, a decline of 300 basis points from 3Q21 and an improvement of 330 basis points versus 3Q19

*Includes impact of ~70 store closures since 2019.

Third Quarter Financial Highlights

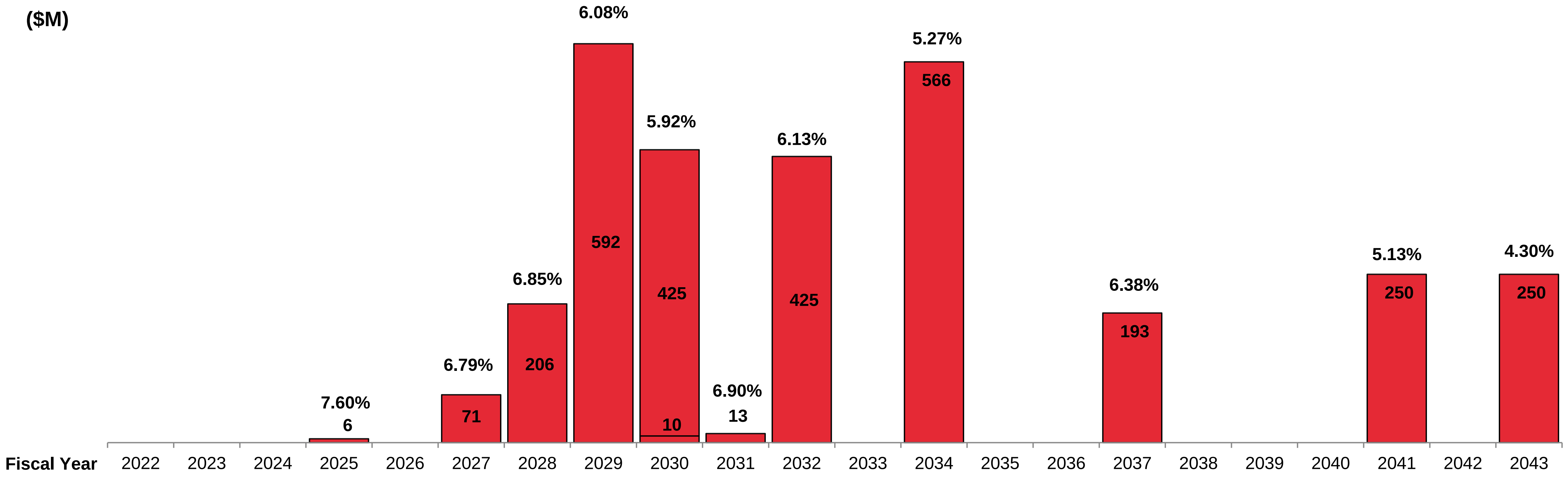
millions, except per share figures and percentages	3Q22	Notes
Credit Revenue	$206	• Performance driven by better-than-expected bad debt levels, larger balances within the portfolio and higher than expected spend on co-brand credit cards • Net credit card revenue as a percent of sales was 3.9%, flat to 3Q21 • Proprietary card penetration rate of 44.5%, +150bps to 3Q21, driven by lower usage of debit/cash
Change to 3Q21	-$7	
Gross Margin	$2,026	• Merchandise margin decreased 230 bps, driven by a year-over-year increase in promotional and permanent markdowns within the Macy's brand to sell through slower moving categories including casual apparel, soft home and warmer weather seasonal goods • Delivery expense was 4.3% of net sales, relatively consistent with last year. Higher fuel costs more than offset the impact of a 2-ppt decline in digital penetration and reductions in cost-per-package
Change to 3Q21	-$207	
Gross Margin Rate	38.7%	
Change to 3Q21	-230 bps	
SG&A Expense	$2,057	• The prior year quarter benefited from a significant number of open positions due to the tight labor market. The positions have since largely been filled • The company is adjusting colleague compensation and benefits to remain competitive and attract talent, while simultaneously remaining disciplined in its SG&A productivity efforts
Change to 3Q21	+$84	
SG&A Rate	39.3%	
Change to 3Q21	+300 bps	
Adjusted EBITDA margin	8.4%	• Outperformance primarily driven by better-than-expected credit card revenues, gross margin and SG&A
Change to 3Q21	-570 bps	
Adjusted Diluted EPS	$0.52	
Change to 3Q21	-$0.71	

Capital Allocation

As the macroeconomic environment continues to be challenged, the company remains focused on prioritizing liquidity and balance sheet health in order to maintain the flexibility necessary to respond quickly to a variety of opportunities as they arise

- **Cash flow from operating activities of $488 million** impacted by outflows from accounts payable and accrued liabilities as well as a net outflow from the change in merchandise inventories net of merchandise accounts payable due to timing of inventory receipts and payments
- **Capital expenditures of $983 million** reflecting the investments the company is making to improve omnichannel capabilities and strength competitive positioning in the marketplace
- **Year-to-date dividend payments of $130 million**
- **Year-to-date share repurchases under open-ended share repurchase authorization of $600 million.** The timing of the utilization of the remaining share repurchase authorization of $1.4 billion will depend on a number of factors including availability of excess cash, expected return and the broader macro environment

Remaining Long-term Debt Maturities, as of October 29, 2022



*% represents weighted average interest rate
** All outstanding long-term debt is unsecured

Brand and Channel Performance

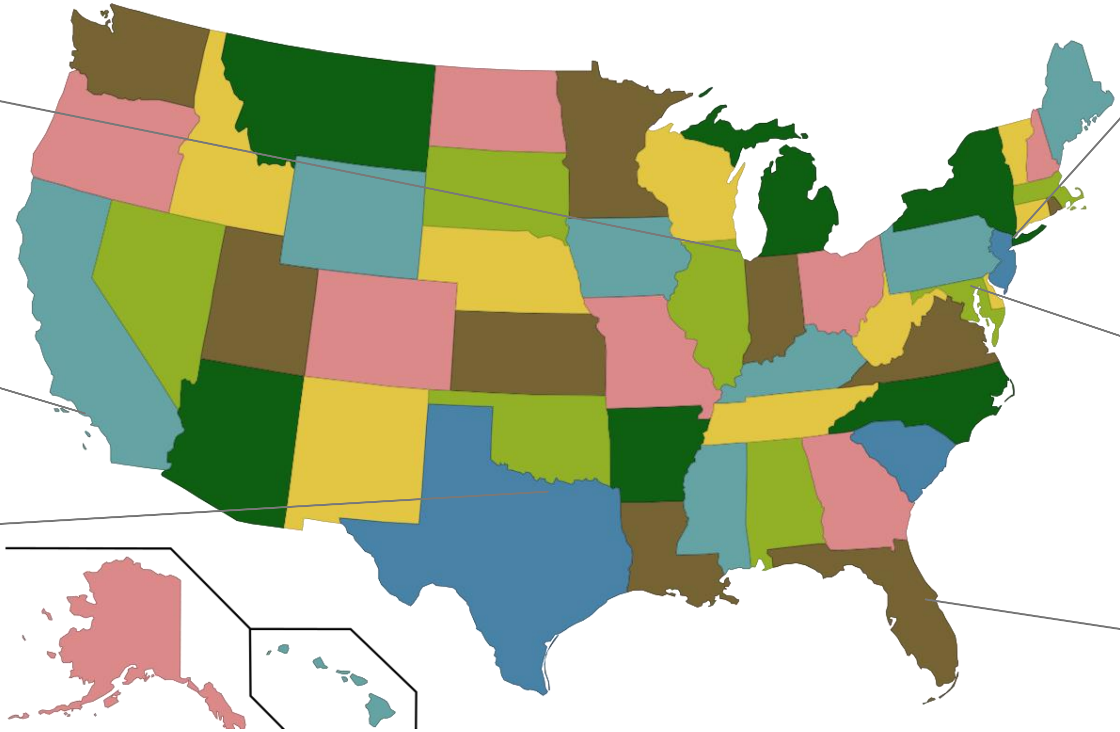
Select Omnichannel Markets Continued to Grow

Despite digital decline and lapping of accelerated economic recovery

Chicago, IL sales growth:
- **Omni: -1%** vs 3Q21
- **Stores (13 locations): +4%** vs 3Q21
- **Digital: -9%** vs 3Q21

Los Angeles, CA sales growth:
- **Omni: -6%** vs 3Q21
- **Stores (30 locations): -6%** vs 3Q21
- **Digital: -9%** vs 3Q21

Dallas, TX sales growth:
- **Omni: +2%** vs 3Q21
- **Stores (13 locations): +4%** vs 3Q21
- **Digital: -3%** vs 3Q21



New York, NY sales growth:
- **Omni: -2%** vs 3Q21
- **Stores (49 locations): +0%** vs 3Q21
- **Digital: -6%** vs 3Q21

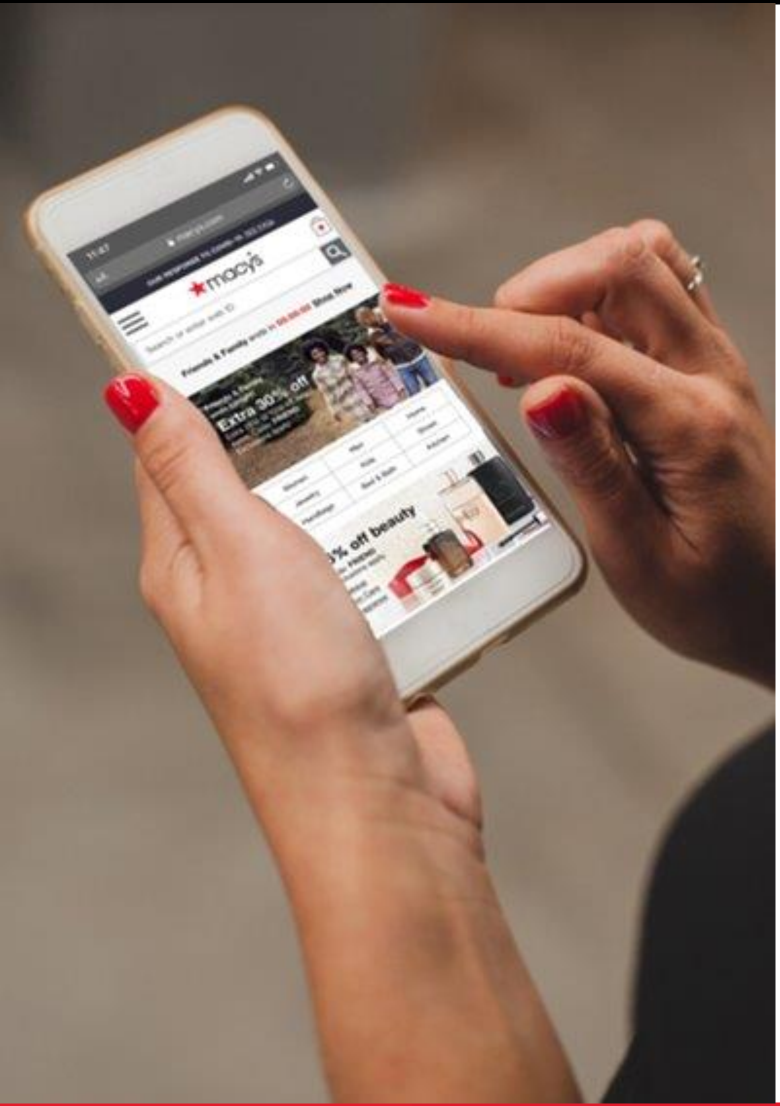
Washington, DC sales growth:
- **Omni: +2%** vs 3Q21
- **Stores (17 locations): +4%** vs 3Q21
- **Digital: -3%** vs 3Q21

Orlando, FL sales growth:
- **Omni: +5%** vs 3Q21
- **Stores (5 locations): +8%** vs 3Q21
- **Digital: -3%** vs 3Q21

20% of markets saw omnichannel sales growth over 3Q21, accounting for 15% of Macy's brand comparable owned plus licensed sales.

*Markets are defined as a core-based statistical area (CBSA) is a U.S. geographic area defined by the Office of Management and Budget (OMB) that consists of one or more counties (or equivalents) anchored by an urban center of at least 10,000 people plus adjacent counties that are socioeconomically tied to the urban center by commuting. Color coding for illustration, not market definition.

Digital Channel Performance Metrics



Third Quarter 2022	
Sales	Down 9% to 3Q21, up 35% to 3Q19
Net sales penetration	31% in 3Q22 vs. 33% in 3Q21 and 23% in 3Q19
Sales from Mobile Devices	65% of digital demand sales
Number of Visits**	440 million, down 1% to 3Q21, up 6% to 3Q19
Conversion Rate**	4.0%, down 10% to 3Q21, up 20% to 3Q19
Vendor Direct % of Digital Sales	18%
Digital Sales Fulfilled by Stores	29%

Note: Excluding sales and net sales penetration, figures reflect macys.com only
** Prior year macys.com visits and conversion metrics have been restated to exclude BOT activity

Omnichannel Ecosystem Investment Highlights

Digital

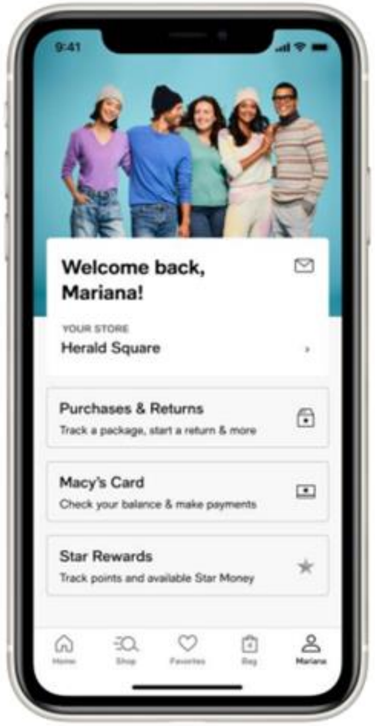
- **Mobile App:** redesigned to allow customers to shop their personal style, price check in-store, manage their Star Rewards and track orders. During 3Q22, the mobile app led order volume across all digital platforms
    - Macy's app active customers increased 11% YOY to 7.6 million*

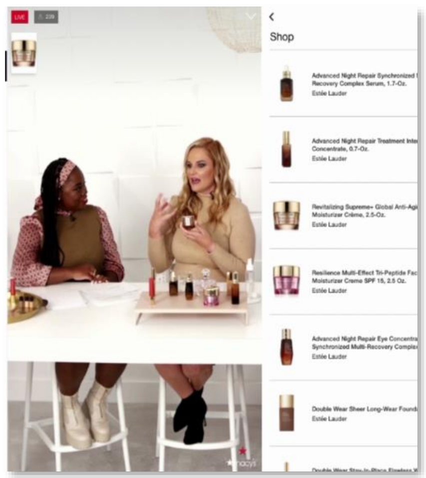
- **Macy's Marketplace**: Successfully launched in 3Q22, continuing to scale in 2023
    - Partnering with Mirakl, an enterprise marketplace technology company to power the platform
    - Features collection of new brands, products and categories from premier 3rd-party sellers, representing a low-risk way to introduce customers to new options without shouldering inventory liability
    - Driving larger basket size and units per order above Macy's average

- **Macy's Media Network:** In-house media agency that enables B2B monetization of advertising partnerships
    - Generated ~$31 million in the net revenue that flows through SG&A in 3Q22, +21% vs 3Q21
    - MMN continues to see growth driven by increased campaign counts, +58% to 3Q21

- **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
    - Testing and iterating to find the best communication channels, frequency, messages and offers

- **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 the 3Q21 launch, the company has recorded ~250 episodes
    - Viewership increased 81% versus 2Q22





*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

Stores

- **Full-line Stores:** refining in-store shopping experience and repositioning store fleet
  - As of 3Q22, ~84% of Macy's full line locations are in A and B centers after closing 167 locations since 2016
    - Over 95% of Macy's full line stores are profitable on a TTM 4-wall EBITDA basis*
    - Macy's has a presence in 49/50 top CBSA markets
  - 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:** 5 new off-mall locations in 2022**, a mix of Market by Macy's, Freestanding Backstage, Bloomie's and Bloomingdale's the Outlet
  - Market share expansion is enhanced by Market by Macy's and Bloomie's, play a unique role in real estate strategy:
    - 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 underperforming big box location closure would result in a market exit
    - New markets where the company hasn't had a store presence before

Distribution Centers

- **Building a faster, more efficient and flexible network:** includes market-based mini-fulfillment centers in select stores, testing robotics and automation in select fulfillment centers and a new DC being built in China Grove, NC

Colleagues

- **Attracting and retaining talent** through several initiatives under *Bring Your Amazing Self to Work* platform, the creative expression of the company's culture designed to engage current and potential candidates
  - Macy's and Bloomingdale's job postings updated to include pay ranges for open positions across the country
  - Held first Virtual Career Expo, a two-week career development event offering for corporate colleagues

*Based on TTM through September 2022
**The 5 off-mall locations include 2 locations that have since opened in Q4

Nameplate Third Quarter Highlights

Macy's

	3Q22
Comparable sales - owned + licensed	Down 4.0% compared to 3Q21
Digital Penetration	31%

Bloomingdale's

	3Q22
Comparable sales - owned + licensed	Up 4.1% compared to 3Q21
Digital Penetration	35%

bluemercury

	3Q22
Comparable sales - owned + licensed	Up 14.0% compared to 3Q21
Digital Penetration	19%

Macy’s Third Quarter Customer Highlights

~43.6M active customers* shopped the Macy’s brand

+2% compared to 3Q21

~29.7M Star Rewards active members* made up ~70% of the total Macy's brand owned-plus-licensed sales

+5 ppt compared to 3Q21

*An active customer/Star Rewards members is defined as a customer/member that had 1+ purchase with Macy’s, pulled on a trailing twelve-month basis

Macy's Merchandising Update

Progress made in data science and predictive analytics, coupled with disciplined inventory management, enable Macy's to flow fresh and exciting product and quickly respond to trends

Top Performing Categories

- Occasion-based categories, including career and tailored sportswear, fragrances, shoes, dresses and luggage

Reimagining Private Brands

- Early stages of reimagining private brand portfolio that is differentiated, defendable and durable
  - Developing original design and distinctive brand identities, values and principles
  - Modernized size and fit approach to increase size inclusivity
- Will begin to take shape in 2023, and scale over 2024 and into 2025. It will act as an important component of the company's customer retention and acquisition priorities

Building Best-in-Class Experiences through Brand Partnerships

- *Toys 'R' Us,*
  - 85% of Toys "R" Us customers cross-shopped categories
  - Toy sales increased 63% from 3Q21
- *Pandora,* in-store brand partner addition, seeing a strong customer response
  - Opened 11 locations in Q3, bringing total to 28; expanding offering and locations in 2023

Growing Relevancy for Next Gen. of Customers

- *Own Your Style:* reaffirms Macy's position as a style authority.
- *Mission Every One*: launched S.P.U.R. Pathways with partner Momentus Capital, a multi-year, multi-faceted program that provides up to $200M of funding to diverse-owned and underrepresented businesses. Program represents an ongoing evolution of Macy's, Inc. social purpose commitment

Macy's Backstage Highlights

	End of Q3 2022 YTD
Stores Opened	42
Stores within Stores	41
Freestanding	1
Total Store Count	311
Stores within Stores	302
Freestanding	9

- Comparable sales for Backstage store-within-store locations open more than one year outperformed Macy's full line doors by 2 percentage points
  - Strong performance was driven by men's, women's and kid's apparel as well as beauty and luggage
- Customers under-40 years old made up about 25% of Backstage store-within-store customers; 61% of all Backstage customers are diverse*
- Significant cross-shopping*
  - 86% of Backstage customers cross shop multiple Macy's, Inc. nameplates
  - 18% of Backstage customers cross shop with Macy's driving 32% of sales in SWS
  - Cross shoppers shop 6.6x a year versus regular shoppers at 3.2x
- Continuing to aggressively grow Backstage

*Represented from a trailing 12-month basis

Bloomingdale’s Highlights

Performance

- 3Q22 comparable sales on an owned-plus-licensed basis up 4.1% vs 3Q21
- 4.1 million active customers shopped, on a trailing twelve-month basis, a 9% increase over 3Q21

Top Categories

- Women’s, men’s and kid’s contemporary and dressy apparel, women’s shoes as well as luggage

Driving Growth and Customer Engagement

- 150th anniversary celebration began Sept. 2022 and is scheduled to run through Holiday
  - **Limited-edition designer collaborations:** 300 exclusive products and styles developed in partnership with top brands and designers
  - **Immersive virtual store:** powered by Emperia, a pioneer in ecommerce's technology frontier, the virtual space allows visitors to discover exclusive products, play games and more
- Bridging the past with the future, strong relationships with established players as well as the next generation of luxury

Bluemercury Highlights

Performance

- 3Q22 comparable sales up 14.0% versus 3Q21
- ~650,000 active customers shopped, on a trailing twelve-month basis, a 15% increase over 3Q21

Top Categories

- Skincare, driven by strategic brand partners as well as continued strength within its private brands

Building a Best-in-Class Beauty Experience

- Opportunity to gain more share with luxury beauty/skincare customers
- Seeing growth across stores and digital, with digital building momentum
- Further establishing position as an authority of skincare
  - Introduced The Cache, an initiative that amplifies new, innovative and undiscovered skincare brands – creating an opportunity to mutually learn which brands resonate with consumers
- Developing strategic partnerships with brands and leaders
  - 1-year anniversary of Dyson hair care partnership, continuing to expand both in-store and online

Guidance

2022 Full-year Guidance

	2022 GUIDANCE *as of 11/17/2022*	2022 GUIDANCE *as of 8/23/2022*
Net sales	$24,340 million to $24,580 million	$24,340 million to $24,580 million
Comparable owned-plus-licensed sales	Flat to up 1%	Flat to up 1%
Digital sales	**Approximately 33% of net sales**	*not provided*
Credit card revenues, net	**Approximately 3.4% of net sales**	Approximately 3.3% of net sales
Gross margin rate	Down approximately 150 bps from LY	Down approximately 150 bps from LY
SG&A expense rate	Deteriorate approximately 120 bps from LY	Deteriorate approximately 120 bps from LY
Asset sale gains	Between $75 million and $90 million	Between $75 million and $90 million
Benefit plan income	**Approximately $21 million**	Approximately $25 million
Depreciation and amortization	Approximately $865 million	Approximately $865 million
Adjusted EBITDA Margin	Approximately 10.5%	Approximately 10.5%
Interest expense, net	**Approximately $180 million**	Approximately $185 million
Adjusted tax rate	Approximately 24.5%	Approximately 24.5%
Diluted shares outstanding *	**Approximately 281 million**	Approximately 283 million
Adjusted diluted EPS	**$4.07 to $4.27**	$4.00 to $4.20
Capital expenditures	**Approximately $1.2 billion**	Approximately $1 billion

Notes: * Adjusted diluted EPS assumes no future share repurchases in 2022. **BOLD** indicates a change from prior guidance.

Fourth Quarter Guidance

Fourth Quarter 2022 Guidance

Net sales	**$8,161 million** to **$8,401 million**
* Adjusted diluted EPS	**$1.47** to **$1.67**

- Gross margin rate expected to be down no more than 270 basis points from fourth quarter of 2021, includes:
    - Impacts of markdowns needed to drive anticipated markdown pressures on slower moving categories
    - Risk associated with competitive promotional environment intensifying within the industry

- Committed to ending the year with appropriate inventory levels in order to not carry markdown risk into 2023

Notes: * Adjusted diluted EPS assumes no share repurchases during the fourth quarter of 2022.

Macy’s, Inc. Store Count – As of October 29, 2022

	End of 3Q22		Change in Locations from FY21
	Boxes	Locations	
Macy's Department Stores*	499	445	-1
Macy's Furniture	51	46	-1
Macy's Furniture Clearance	1	1	-1
Freestanding Backstage	9	9	+1
Macy's Small Format	7	7	+2
Stores converted to Fullfilment Centers	2	2	-
Total Macy's	569	510	-
Bloomingdale's Department Stores	34	32	-1
Bloomies	1	1	-
Bloomingdale's Furniture/Other	1	1	-
Bloomingdale's The Outlet	20	20	-
Total Bloomingdale's	56	54	-1
Bluemercury	158	158	-2
Total Macy's, Inc.	783	722	-3

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 302 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 October 29, 2022. A and B mall locations included in the above store types are flagship of 11, magnets of 339, core of 350 and Neighborhood of 24 as of October 29, 2022.

Appendix

Third Quarter Credit Card Revenue

	3Q22	Notes
Net Credit Card Revenue	$206M	• Performance driven by better-than-expected bad debt levels, larger balances within the portfolio and higher than expected spend on co-brand credit cards
Change to 3Q21	-$7M	
Net Credit Card Revenue Penetration (% of Sales)	3.9%	
Change to 3Q21	flat	
Digital new accounts	65,000	• Digital new accounts driven by weaker application flow reflecting by lower traffic and sales in the digital channel
Change to 3Q21	-13.2%	
New accounts	572,000	• New accounts reflect impacts of challenging macroeconomic environment on consumer behavior
Change to 3Q21	-5.1%	
Proprietary card penetration rate	44.5%	• Improvement in proprietary card penetration rate due to lower usage of debit card and cash by customers versus the prior year when they benefited from government stimulus payments
Change to 3Q21	+150 bps	

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 October 29, 2022	39 weeks ended October 29, 2022
Increase (decrease) in comparable sales on an owned basis (Note 1)	(3.1%)	2.3%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.4%	0.0%
Increase (decrease) in comparable sales on an owned plus licensed basis	(2.7%)	2.3%

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation during the 13 and 39 weeks ended October 29, 2022, and the 13 and 39 weeks ended October 30, 2021 and the 13 weeks ended November 2, 2019. 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, Inc.

Macy’s, Inc.	13 weeks ended October 30, 2021	39 weeks ended October 30, 2021
Increase in comparable sales on an owned basis (Note 1)	37.2%	52.4%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(1.6%)	0.1%
Increase in comparable sales on an owned plus licensed basis	35.6%	52.5%

Macy’s, Inc.	13 weeks ended November 2, 2019
Increase in comparable sales on an owned basis (Note 1)	5.6%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.4%
Increase in comparable sales on an owned plus licensed basis	6.0%

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

Macy’s	13 weeks ended October 29, 2022
Decrease in comparable sales on an owned basis (Note 1)	(4.4%)
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.4%
Decrease in comparable sales on an owned plus licensed basis	(4.0%)

Bloomingdale’s	13 weeks ended October 29, 2022
Increase in comparable sales on an owned basis (Note 1)	5.3%
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	4.1%

Bluemercury	13 weeks ended October 29, 2022
Increase in comparable sales on an owned basis (Note 1)	14.0%
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	14.0%

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

In millions	13 weeks ended October 29, 2022	13 weeks ended October 30, 2021
Most comparable GAAP measure: Net income	$108	$239
Net sales	5,230	5,440
Net income as a percent to net sales	2.1%	4.4%
Non-GAAP measure: Net income	$108	$239
Interest expense, net	42	53
Losses on early retirement of debt	-	185
Federal, state and local income tax expense	17	55
Depreciation and amortization	225	225
Earnings before interest, taxes, depreciation and amortization	392	757
Impairment, restructuring and other costs	15	-
Settlement charges	32	8
Adjusted EBITDA	$439	$765
Adjusted EBITDA as a percent to net sales	8.4%	14.1%

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

In millions	39 weeks ended October 29, 2022	39 weeks ended October 30, 2021
Most comparable GAAP measure: Net income	$668	$687
Net sales	16,178	15,794
Net income as a percent to net sales	4.1%	4.3%
Non-GAAP measure: Net income	$668	$687
Interest expense, net	131	211
Losses on early retirement of debt	31	199
Federal, state and local income tax expense	213	197
Depreciation and amortization	638	668
Earnings before interest, taxes, depreciation and amortization	1,681	1,962
Impairment, restructuring and other costs	25	21
Settlement charges	32	90
Adjusted EBITDA	$1,738	$2,073
Adjusted EBITDA as a percent to net sales	10.7%	13.1%

Net Income, Excluding Certain Items

In millions	13 weeks ended October 29, 2022	13 weeks ended October 30, 2021
Most comparable GAAP measure: Net income	$108	$239
Non-GAAP measure: Net income	$108	$239
Impairment, restructuring and other costs	15	-
Settlement charges	32	8
Losses on early retirement of debt	-	185
Income tax impact of certain items identified above	(12)	(46)
As adjusted to exclude certain items above	$143	$386

Net Income, Excluding Certain Items

In millions	39 weeks ended October 29, 2022	39 weeks ended October 30, 2021
Most comparable GAAP measure: Net income	$668	$687
Non-GAAP measure: Net income	$668	$687
Impairment, restructuring and other costs	25	21
Settlement charges	32	90
Losses on early retirement of debt	31	199
Income tax impact of certain items identified above	(22)	(73)
As adjusted to exclude certain items above	$734	$924

Diluted Earnings Per Share, Excluding Certain Items

	13 weeks ended October 29, 2022	13 weeks ended October 30, 2021
Most comparable GAAP measure: Diluted earnings per share	$0.39	$0.76
Non-GAAP measure: Diluted earnings per share	$0.39	$0.76
Impairment, restructuring and other costs	0.05	-
Settlement charges	0.12	0.03
Losses on early retirement of debt	-	0.59
Income tax impact of certain items identified above	(0.04)	(0.15)
As adjusted to exclude certain items above	$0.52	$1.23

Diluted Earnings Per Share, Excluding Certain Items

	39 weeks ended October 29, 2022	39 weeks ended October 30, 2021
Most comparable GAAP measure: Diluted earnings per share	$2.37	$2.17
Non-GAAP measure: Diluted earnings per share	$2.37	$2.17
Impairment, restructuring and other costs	0.09	0.07
Settlement charges	0.11	0.28
Losses on early retirement of debt	0.11	0.63
Income tax impact of certain items identified above	(0.08)	(0.24)
As adjusted to exclude certain items above	$2.60	$2.91

Free Cash Flow

In millions	39 weeks ended October 29, 2022
Net cash provided by operating activities	$488
Purchase of property and equipment	(655)
Capitalized software	(328)
Disposition of property and equipment	122
Free Cash Flow	($373)