Fourth Quarter and Full-Year 2022 Earnings







macy's inc

Jeff Gennette, Chairman & CEO
Adrian Mitchell, CFO

2 March 2023

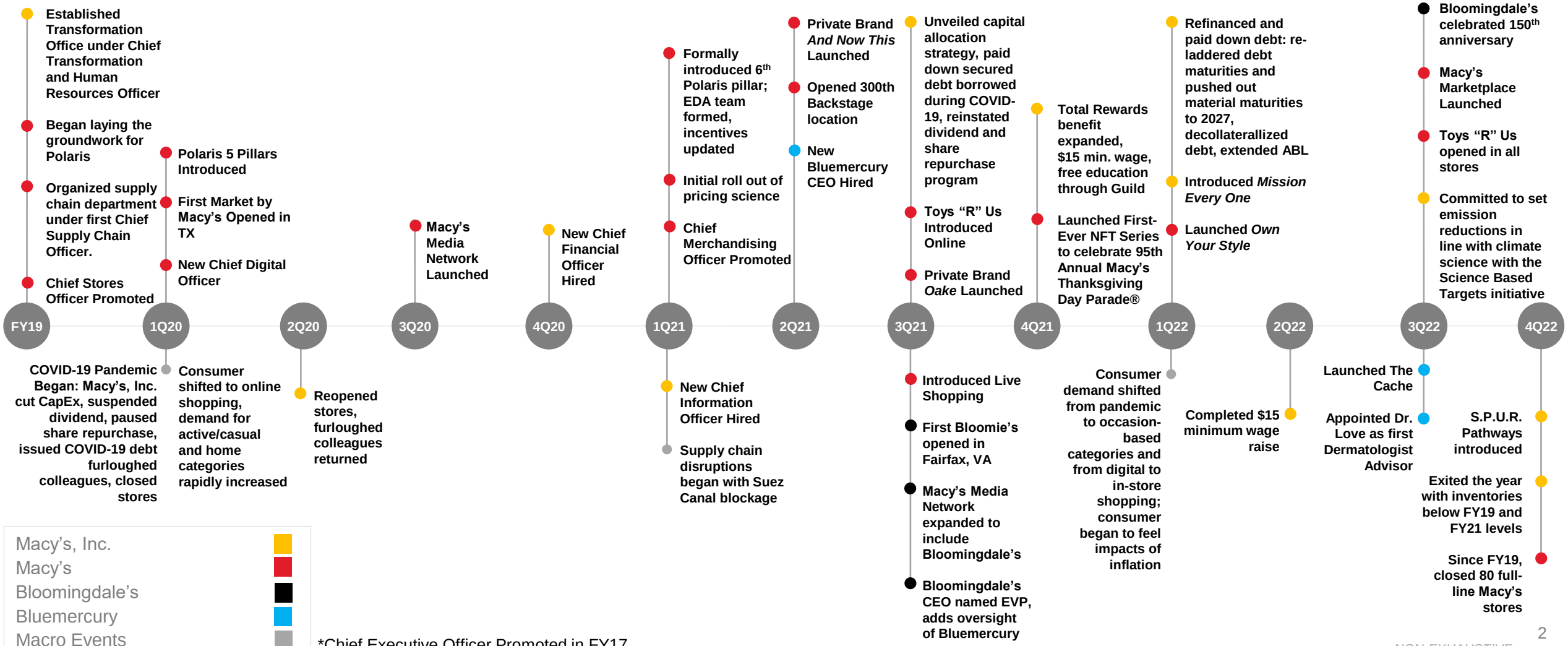
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All statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations 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 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, 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, our ability to execute on our strategies and achieve expectations related to environmental, social, and governance matters, 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.

Modern Department Store Transformation

Timeline of significant events and key initiatives from FY19-FY22



*Chief Executive Officer Promoted in FY17

NON-EXHAUSTIVE

Fourth Quarter and Full-Year 2022 Results

Fourth Quarter Snapshot

millions, except per share figures and percentages	4Q22	4Q21
Net Sales	$8,264	$8,665
Comp sales - owned	(3.3)%	28.3%
Comp sales - owned + licensed	(2.7)%	27.8%
Credit card revenues, net	$262	$264
Gross margin ***Gross margin rate***	$2,814 34.1%	$3,159 36.5%
Selling, general & administrative expense (SG&A) ***SG&A rate as a percent of net sales***	$2,399 29.0%	$2,429 28.0%
Asset sale gains	$15	$30
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$887	$1,232
Adjusted EBITDA	$910	$1,247
Diluted earnings per share (EPS)	$1.83	$2.44
Adjusted Diluted EPS	$1.88	$2.45

Full Year Snapshot

millions, except per share figures and percentages	FY22	FY21
Net Sales	$24,442	$24,460
Comp sales - owned	0.3%	43.0%
Comp sales - owned + licensed	0.6%	42.9%
Credit card revenues, net	$863	$832
Gross margin	$9,136	$9,504
Gross margin rate	*37.4%*	*38.9%*
SG&A	$8,317	$8,047
SG&A rate	*34.0%*	*32.9%*
Asset sale gains	$89	$91
EBITDA	$2,568	$3,194
Adjusted EBITDA	$2,648	$3,320
Diluted EPS	$4.19	$4.55
Adjusted Diluted EPS	$4.48	$5.31

Fourth Quarter Highlights

- Diluted earnings per share of $1.83 and Adjusted diluted earnings per share of $1.88
  - Includes a $46 million discrete income tax benefit, or $0.17 per share, related to the favorable resolution of a state income tax litigation
- Net sales of $8,264 million, down 4.6% versus 4Q21; down 0.9% versus 4Q19
  - Brick-and-mortar sales decreased 2% versus 4Q21; down 11% versus 4Q19*
  - Digital sales decreased 9% versus 4Q21; up 24% versus 4Q19
- Comparable sales down 3.3% on an owned basis and down 2.7% on an owned plus licensed basis versus 4Q21
  - Comparable sales up 3.1% on an owned basis and up 3.3% on an owned plus licensed basis versus 4Q19
- Inventory turnover** down 4% versus FY21 and up 15% versus FY19
  - Inventory down 3% to FY21 and down 18% to FY19 driven by a culmination of disciplined inventory management, strategic use of data and analytics, the alignment of the merchandising team and the successful integration and modernization of the supply chain
- Gross margin rate of 34.1% versus 36.5% in 4Q21
- SG&A expense of $2,399 million, a $30 million decrease from 4Q21
  - SG&A as a percent of sales was 29.0%, 100 basis points higher compared to 4Q21 and an improvement of 110 basis points versus 4Q19

*Impacted by store closures, including approximately 80 Macy's full-line stores.
**Inventory turnover is defined as trailing 4-quarter cost of goods sold divided by the trailing 4-quarter average inventory.

Fourth Quarter Financial Highlights

millions, except per share figures and percentages	4Q22	Notes
Credit Revenue	$262	• Primarily benefited from higher balances in the portfolio and better than expected bad debt levels • 3.2% of sales versus 3.0% in 4Q21
Change to 4Q21	-$2	
Gross Margin	$2,814	• Merchandise margin decreased 300 bps, driven by planned markdowns and promotions which were higher relative to last year • Delivery expense as a percent of net sales was 60 bps lower than the prior year due to a 200 basis point decline in digital penetration combined with lower peak delivery surcharges
Change to 4Q21	-$345	
Gross Margin Rate	34.1%	
Change to 4Q21	-240 bps	
SG&A Expense	$2,399	• The company has been adjusting colleague compensation and benefits to remain competitive and attract talent, while simultaneously remaining disciplined in its SG&A productivity efforts. • We will continue to focus on increasing our productivity and managing controllable costs to align with our focus on expense discipline
Change to 4Q21	-$30	
SG&A Rate	29.0%	
Change to 4Q21	+100 bps	
Adjusted EBITDA margin	11.0%	• Driven primarily by the above-mentioned impacts to gross margin and SG&A
Change to 4Q21	-340 bps	
Adjusted Diluted EPS	$1.88	
Change to 4Q21	-$0.57	

Fiscal Year Capital Allocation Highlights

- **Free cash flow of $457 million**
  - Cash flow from operating activities of $1.6 billion
    - Year-over-year decline primarily due to lower earnings and last year's receipt of $582 million for CARES Act refund in the fourth quarter
    - Invested $1.3 billion in capital expenditures, of which approximately two-thirds were related to enhanced omnichannel capabilities, digital & technology, data & analytics, and supply chain modernization

- **Took significant actions in to increase financial flexibility and boost liquidity**
  - Achieved a year-end Adjusted Debt-to-Adjusted EBITDAR leverage ratio of 2.0x, in line with our year-end target
  - Removed the collateral from second lien bonds, all long-term debt is now unsecured
  - Redeemed $1.1 billion of 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 until 2027
  - Amended and extended the company's $3 billion asset-based credit facility to March 2027

- **Dividend payments**
  - Paid quarterly dividends to shareholders throughout the year, totaling $173 million

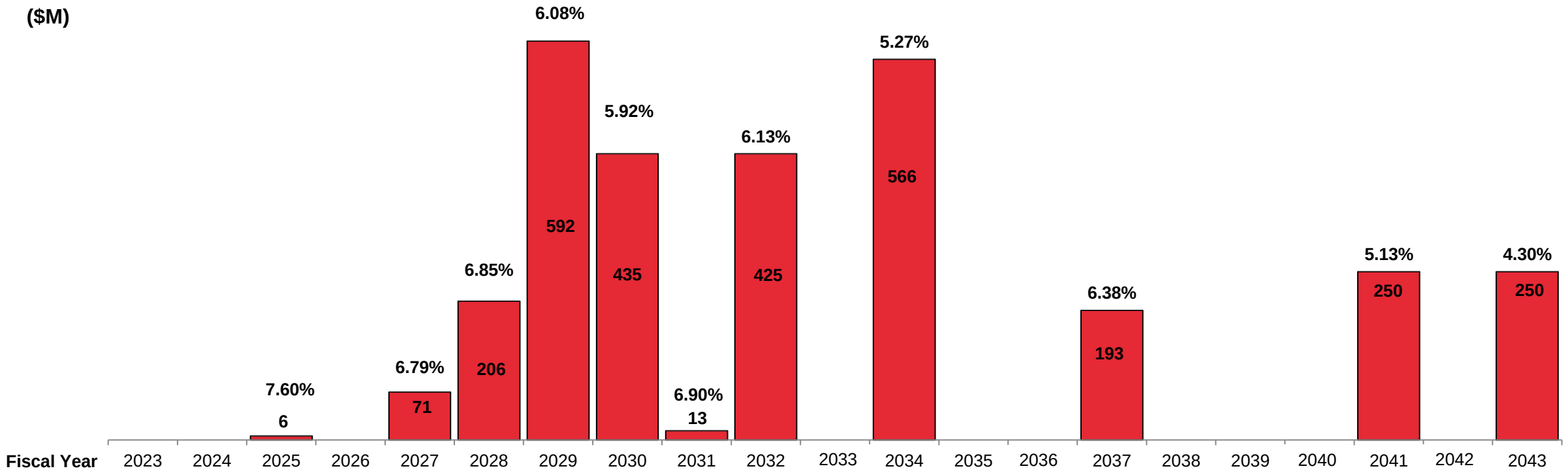
- **Share repurchases**
  - Repurchased approximately 24 million shares for $600 million, leaving $1.4 billion remaining of the company's $2 billion open-ended share repurchase authorization

Capital Allocation Strategy

The company will continue to take a balanced approach to capital allocation with an ongoing focus on maintaining a healthy balance sheet, investing in the business and returning capital to shareholders

Capital Structure	• Well-positioned for access to bank and capital market funding under all economic scenarios • Maintaining investment grade quality credit metrics with well-laddered debt maturities • Targeting a year-end Adjusted Debt-to-Adjusted EBITDAR ratio of 2.0x or below
Value-enhancing Investments	• Capacity to continue to invest in growth vectors to drive long-term profitable growth • Expect around $1 billion of capital spend in 2023 and targeting up to $3 billion of capital spend over the next 3 years (2023-2025), primarily focused on digital & technology investments, data and analytics, supply chain modernization and omni-channel capabilities
Strategic Investments	• As needed, value creating investments to accelerate Polaris strategy and drive returns
Capital Returned to Shareholders	*Dividends* • Recently announced a 5% increase in annual dividend on February 24, 2023
	Share Repurchase • Take advantage of share valuation • Committed to remaining $1.4 billion open-ended authorization

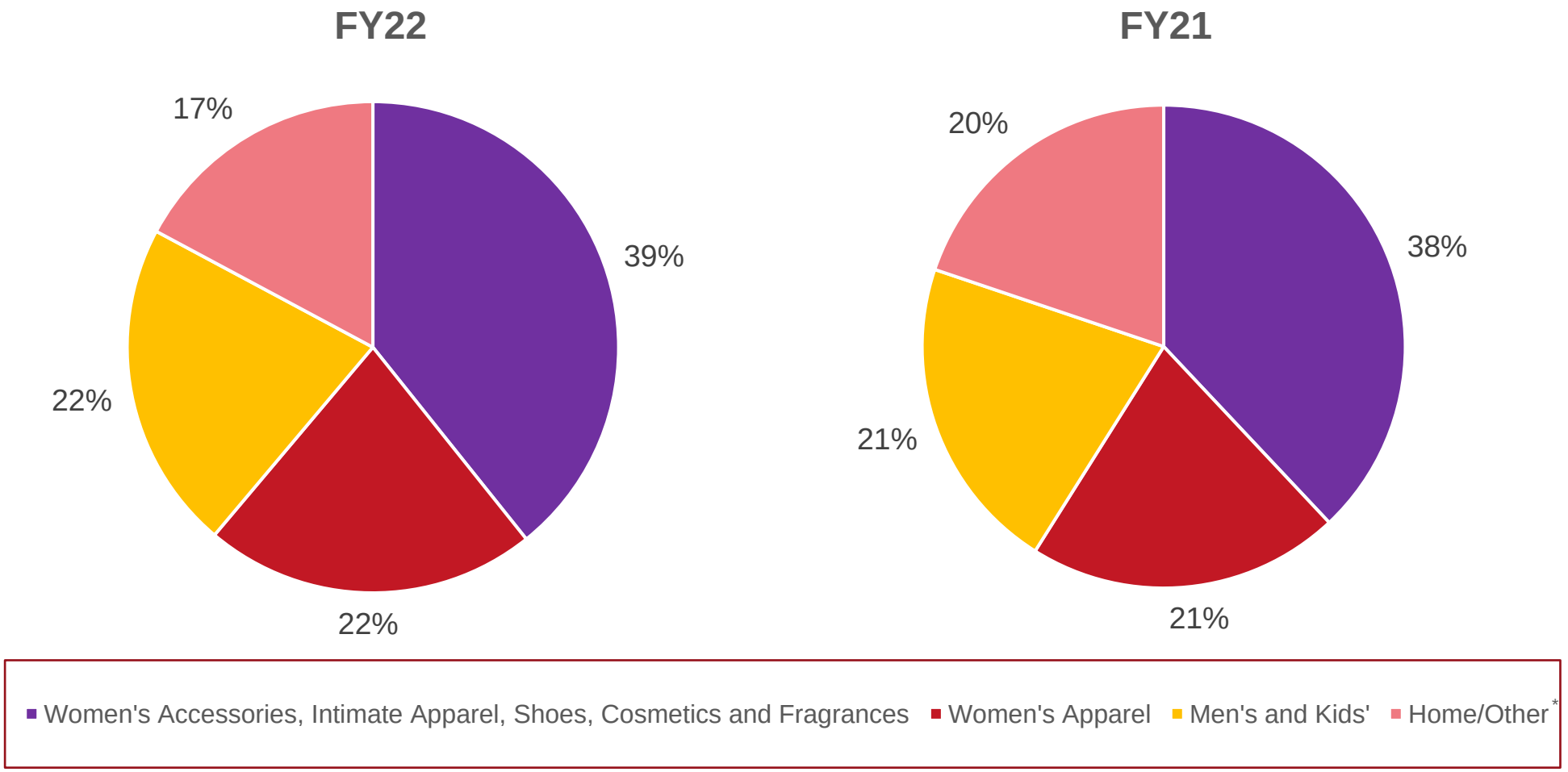
Remaining Long-term Debt Maturities, as of January 28, 2023



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

Fiscal Year Family of Business Sales Penetration

Disciplined inventory management and open-to-buy reserve enables the company to pivot between categories as consumer demand shifts



*Other primarily includes restaurant sales, allowance for merchandise returns adjustments and breakage income from unredeemed gift cards..

Mission Every One

Macy's, Inc. brings ESG to life through its social purpose platform, Board of Directors oversee all ESG functions, mandates are included in the Board committee charters

MISSION EVERY ONE



People

Recognize and reward diverse community to fuel mutual growth, innovation and impact.

- Designing a more inclusive future of style
- Advancing rights, justice and equal opportunity
- Diversifying leadership
- Expanding colleague benefits

2022 Highlights:

- Launched S.P.U.R. Pathways
- Increased diverse- and women-owned brand offerings including *PATTERN Beauty by Tracee Ellis Ross*



Planet

Curate and create sustainable products and services so people and planet can thrive together.

- Providing sustainable style
- Increasing sustainable materials
- Caring for people and planet
- Innovating for a more sustainable future

2022 Highlights:

- Committed to set company-wide emission reductions in line with climate science with Science Based Targets initiative (SBTi)



Community

Empower curiosity and confidence of the leaders of tomorrow.

- Empowering youth well-being, learning and leadership
- Inspiring next generation of designers and creators
- Partnering for brighter futures

2022 Highlights:

- Inaugural national partnership with Big Brothers Big Sisters of America, raised more than $4.8 million to help fuel life-changing mentoring experiences

Nameplate Performance

Nameplate Fourth Quarter Highlights



	4Q22
Comparable sales - owned + licensed	Down 3.3% compared to 4Q21
Digital Penetration	37% versus 38% in 4Q21



	4Q22
Comparable sales - owned + licensed	Up 0.6% compared to 4Q21
Digital Penetration	40% versus 42% in 4Q21



	4Q22
Comparable sales - owned	Up 7.2% compared to 4Q21
Digital Penetration	23% versus 24% in 4Q21

Macy's is a Modern Department Store

Through Polaris, the retailer is more flexible, agile and enabled by data analytics to meet consumer demand wherever and however they choose to shop

Polaris Strategy *(as of 4Q21)*

Win with Fashion and Style: deliver fashion and style that meet core and new customer needs across all occasions

Deliver Clear Value: build trust and deliver value through simple, easy-to-understand pricing and promotions

Excel in Digital Shopping: provide a modern, frictionless digital shopping journey

Enhance Store Experiences: create a tech-enabled, connected omni-ecosystem

Modernize our Supply Chain: move toward a faster and more efficient customer fulfillment infrastructure

Enable Transformation: ensure that we have the right talent, technology infrastructure and data analytics

FY22 Progress

Introduced brand platform *Own Your Style*, reaffirms Macy's position as a style authority. Disciplined inventory management enables Macy's to flow fresh and exciting product and quickly respond to trends

Added and refined pricing science capabilities, such as competitive pricing, and enhanced channel and location-level markdowns

Introduced online Macy's marketplace that expands current product offering with categories and brands customers signaled demand for, without the inventory risk. Ended FY22 with 20 new categories and 500 new brands

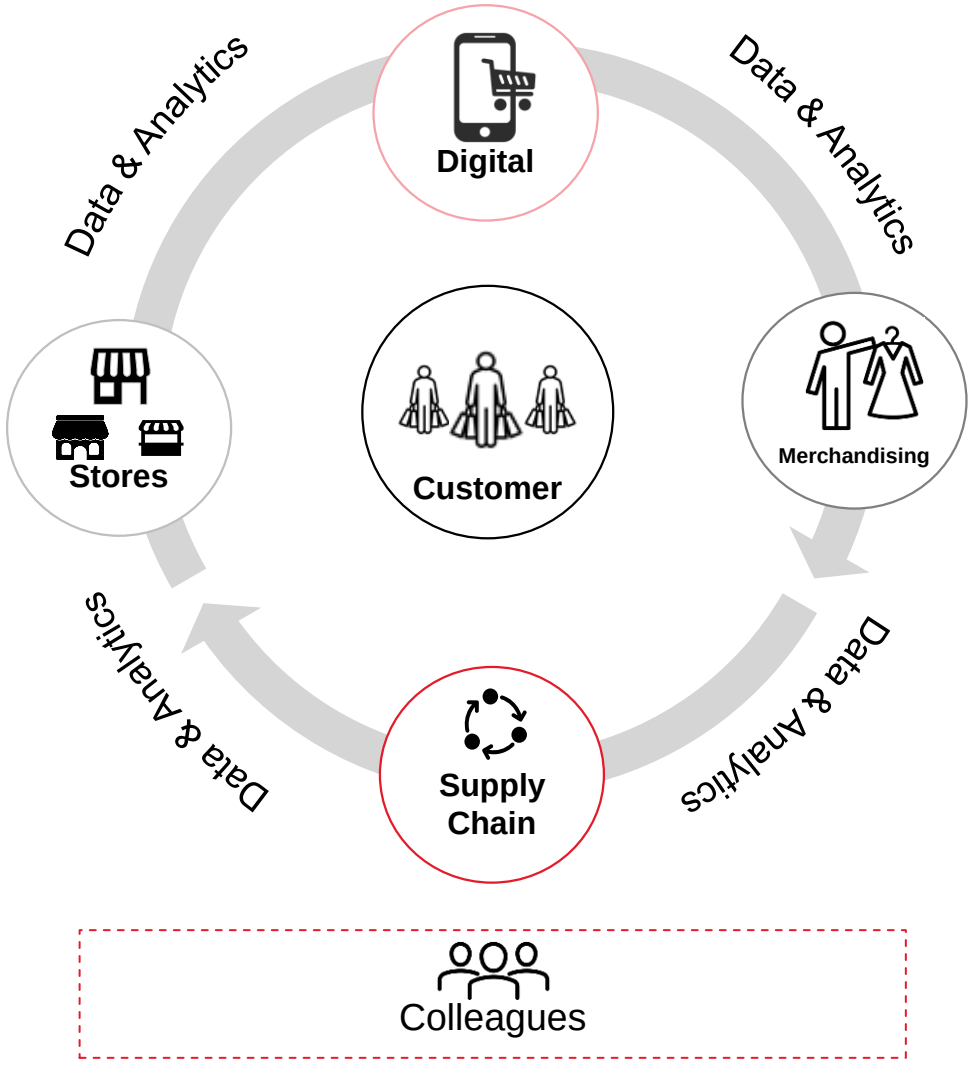
Refined in-store shopping experience through At Your Service improvements and Toys "R" Us store within store rollout. Repositioning store fleet through strategic expansion of off-mall format, opened 3 Market by Macy's in FY22

Inventory productivity driven by a culmination of disciplined inventory management, strategic use of data analytics and the successful integration and modernization of the company's supply chain

Expanded Enterprise Data and Analytics capabilities, a key driver of operational agility throughout FY22. Enhanced strategic investments in colleagues, providing free education and increased minimum wage to $15/hour

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Macy's Omnichannel Ecosystem



- The Macy's omnichannel ecosystem includes a best-in-class e-commerce platform integrated with a nationwide footprint of stores and fulfillment centers to deliver a convenient and seamless shopping experience

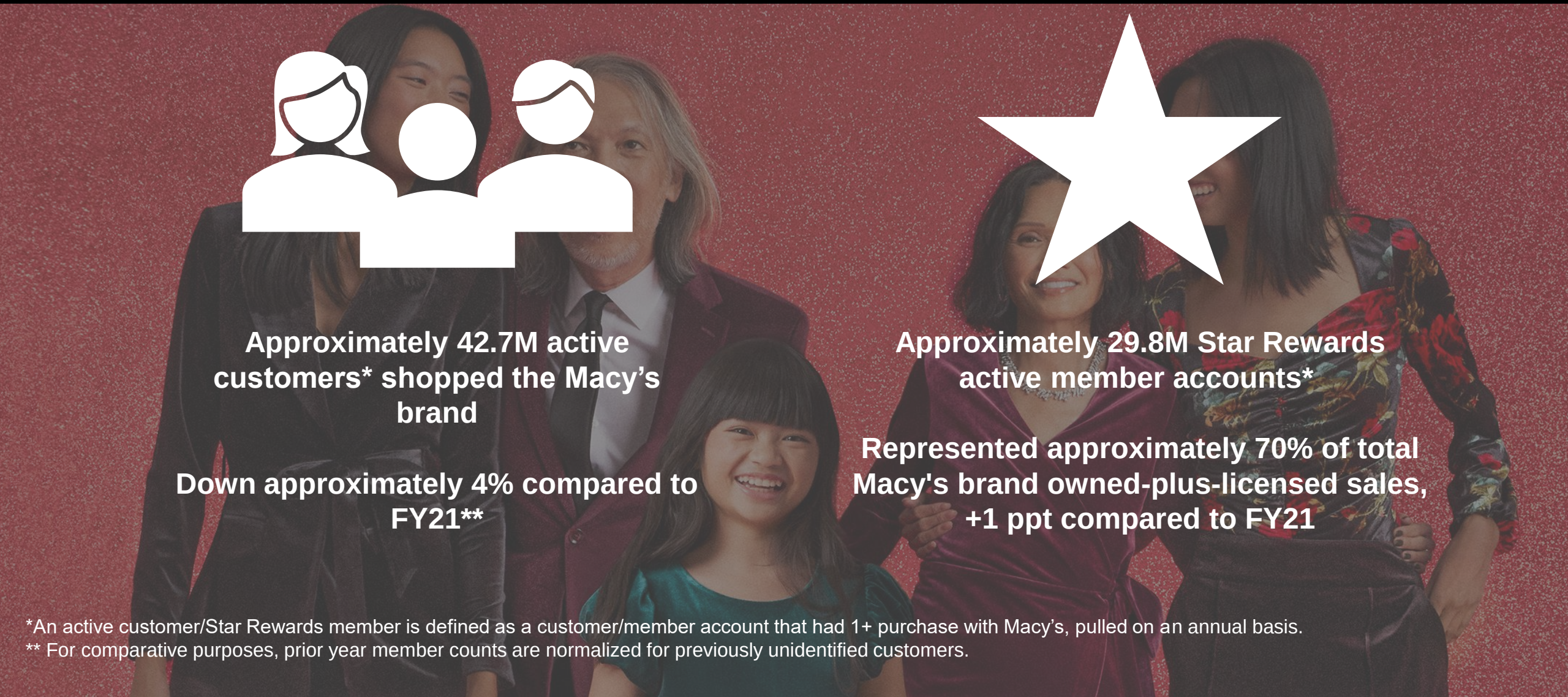
- Well-integrated strategy built on a strong brand leveraging every advantage of brick & mortar and every opportunity of digital

- The Macy's omnichannel customer*
  - **Shops frequently:** 3 to 4 times more than single channel customers
  - **Spends more:** 2.5 to 4 times than single channel customers
  - **More Loyal:** approximately 90% of omnichannel customers are loyalty members, about 20 percentage points higher than single channel customers

*LTM as of January 28, 2023

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Macy’s Full-Year Customer Highlights



Approximately 42.7M active customers* shopped the Macy’s brand

Down approximately 4% compared to FY21**

Approximately 29.8M Star Rewards active member accounts*

Represented approximately 70% of total Macy's brand owned-plus-licensed sales, +1 ppt compared to FY21

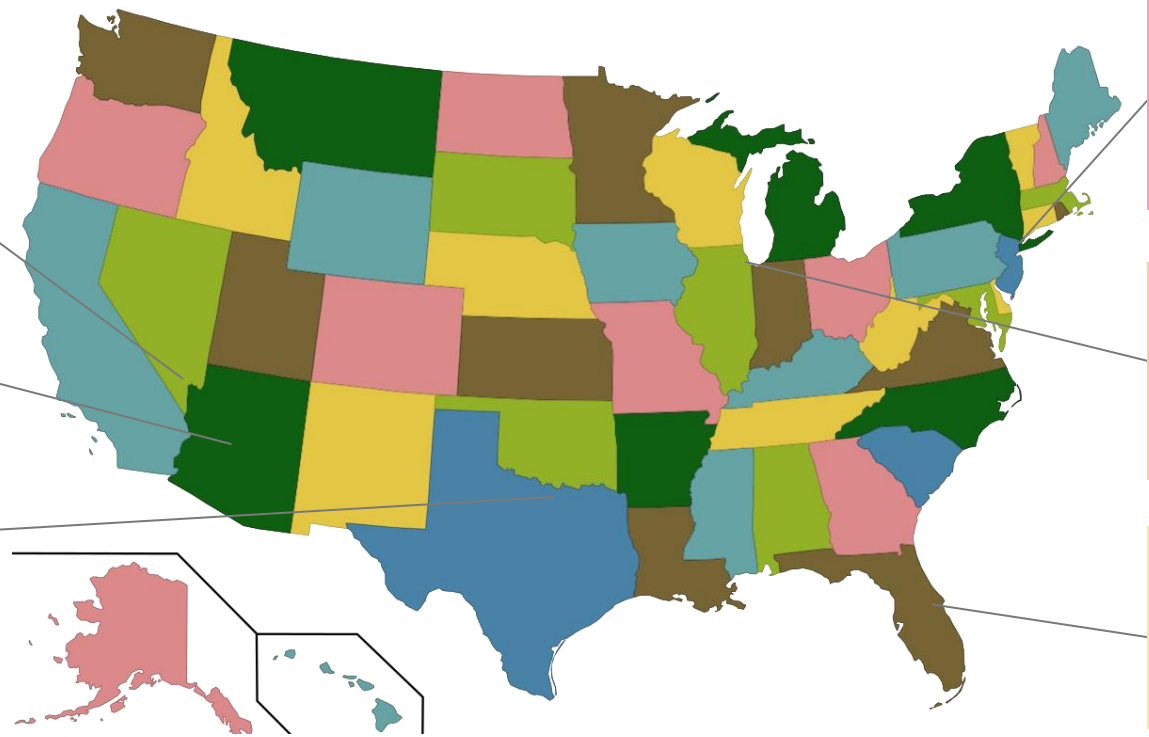
*An active customer/Star Rewards member is defined as a customer/member account that had 1+ purchase with Macy’s, pulled on an annual basis.
** For comparative purposes, prior year member counts are normalized for previously unidentified customers.

Macy's Omnichannel Market Performance

Las Vegas, NV sales growth:
- **Omni: +1%** vs 4Q21
- **Stores (5 locations): flat** vs 4Q21
- **Digital: +5%** vs 4Q21

Phoenix, AZ sales growth:
- **Omni: +1%** vs 4Q21
- **Stores (6 locations): -1%** vs 4Q21
- **Digital: +3%** vs 4Q21

Dallas, TX sales growth:
- **Omni: flat** vs 4Q21
- **Stores (17 locations): +1%** vs 4Q21
- **Digital: -1%** vs 4Q21



New York, NY sales growth:
- **Omni: -3%** vs 4Q21
- **Stores (49 locations): flat** vs 4Q21
- **Digital: -9%** vs 4Q21

Chicago, IL sales growth:
- **Omni: -3%** vs 4Q21
- **Stores (13 locations): -1%** vs 4Q21
- **Digital: -8%** vs 4Q21

Tampa, FL sales growth:
- **Omni: +2%** vs 4Q21
- **Stores (7 locations): +6%** vs 4Q21
- **Digital: -4%** vs 4Q21

22% of markets saw omnichannel sales growth over 4Q21, accounting for 22% of Macy's brand comparable owned plus licensed sales. Digital sales per capita were over 2 times higher in markets with a physical store presence in the market.**

*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.

** Based on FY22 data.

Macy's Omnichannel Ecosystem - Merchandising Highlights

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

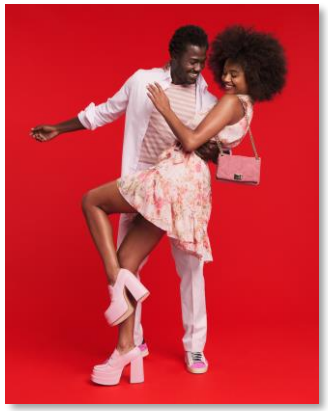
- **Top Performing Categories:** gifting and occasion-based categories, including beauty, men's tailored apparel, dresses and shoes

- **Reimagining Private Brand Portfolio:** creating a portfolio that is differentiated, defendable and durable
  - Strategy focused on: brand identity, original design, strategic sourcing, relevant size and fit, compelling value
  - Incorporates deep research into the customer: 80,000 online surveys, 35 days of digital community engagement, hundreds of hours of in-store fit research and shop-alongs
  - Launching new brands while rethinking existing brands
    - Women's INC private brand updated in mid-2022, 4Q22 sales up 28% year-over-year

- **Building Best-in-Class Experiences through Brand Partnerships**
  - *Toys 'R' Us*
    - Approximately 90% of Toys "R" Us customers cross-shopped categories
    - Toy sales doubled from 4Q21
  - *Sunglass Hut*
    - Luxury sunglasses driving growth in sales and AUR
  - *Pandora*
    - In-store brand partner addition, seeing a strong customer response
    - Total of 28 locations; expanding offering and locations in FY23
  - Additional partnerships in select locations include but are not limited to:
    - *Finish Line*, *Barnes and Noble* and *Claire's*

- **Growing Relevancy for Next Gen. of Customers**
  - *Own Your Style:* reaffirms Macy's position as a style authority
  - *Mission Every One*: social purpose platform designed to advance long-term corporate and consumer brand relevancy for key stakeholders







Macy's Omnichannel Ecosystem - Digital Highlights

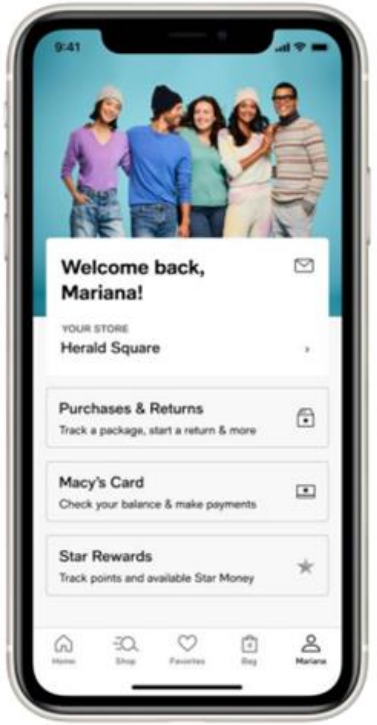
- **Macy's Marketplace**: successfully launched in 3Q22, continuing to scale in FY23
  - Partnering with Mirakl, an enterprise marketplace technology company to power the platform
  - Features collection of new brands, products and categories from premier 3rd-party sellers, representing a low-risk way to introduce customers to new options without shouldering inventory liability
  - End of FY22 had 500 brands live across 20 categories

- **Macy's Media Network:** in-house media agency that enables B2B monetization of advertising partnerships
  - Generated approximately $57 million in the net revenue that flows through SG&A in 4Q22, +14% vs 4Q21
  - Ran over 1,900 campaigns

- **Personalized Offers and Communication:** identified significant opportunity to build loyalty, protect margins and grow lifetime value.
  - Creating a more tailored and intimate customer experience
  - Running tests with tens of million of customers focused on individualized promotions and consistent cross-channel experiences

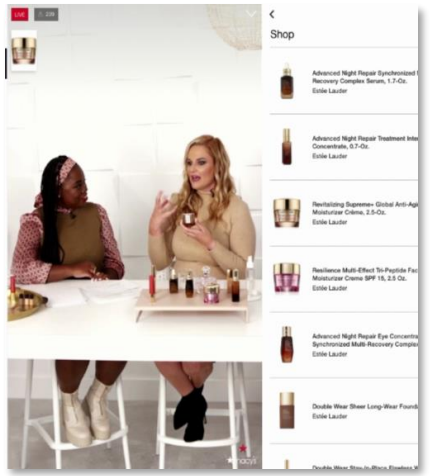
- **Mobile App:** redesigned to allow customers to shop their personal style, price check in-store, manage their Star Rewards and track orders. During 4Q22, the mobile app led in order conversion across all digital platforms
  - Mobile app downloads +9% in FY22 versus LY

- **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 around 875 episodes



MIRAKL

Macy's Media Network



*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

Macy's Omnichannel Ecosystem – Stores and Supply Chain Highlights

- **Full-line Stores:** refining in-store shopping experience and repositioning store fleet
  - As of 4Q22, over 80% of Macy's full line locations are in A and B centers
  - Roughly 99% of the company's mall-based stores are profitable on a 4-wall 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:** Market by Macy's plays an integral role in the omnichannel ecosystem, stores are around 1/5 the size of on-mall locations
  - Seeing favorable response: 4Q22 comparable owned + licensed sales increased 8% year-over-year**
  - According to Placer.AI, off-mall centers have 2.5x visits than on-mall***
  - The stores act as:
    - 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
  - Unlocking full potential of fleet: opening 4 Market by Macy's in FY 23; current fleet has 8 Market by Macy's



- **Modernizing the Company's Supply Chain to Meet Customer Expectations**
  - Inventory productivity driven by integration of the company's supply chain, strategic data analytics, disciplined inventory management
  - Meeting customer demand through customer insights, data and analytics, strategic planning, deeper category insights and a central fulfillment model
  - Building a faster, more efficient and flexible network through 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



*Represents Macy's and Bloomingdale's locations
**Represents locations open for one year or more, 5 Market by Macy's
***PlacerAI report

Macy's Omnichannel Ecosystem - Colleague Highlights

Colleagues are the company's number one resource. Macy's has acquired top talent with specific skills and experiences to satisfy quickly evolving business strategies.

- **Strategic Investments to Attract and Retain Top Talent**
  - Building and upskilling teams in the areas of Data and Pricing Science, Media Network Sales, Marketplace, and Customer/Personalization
  - Providing free education for all colleagues through Guild partnership
    - Covers 100% of tuition, books and fees for more than 100 programs that range from foundational learning—such as high school completion and English language—to college degrees
    - Around 3,000 colleagues participating, 67% of Guild enrollments are from ethnically diverse colleagues
  - Raised minimum wage rate in May 2022 to $15 an hour, with higher earnings opportunities for many positions
  - Increased pay transparency in September 2022. Updated all job listings on company job sites to display pay ranges for every available position across the country

- **Bring Your Amazing Self to Work, a creative expression of our culture designed to engage current and potential candidates**
  - Culture Pulse Surveys, Macy's bi-annual company-wide survey to receive feedback from colleagues
    - Strong participation rate at 88% most recent survey
    - Colleague engagement rate is consistently strong

Reduced overall turnover by roughly 3% since 2019, excluding reductions in force and seasonal employees



Macy's Backstage Highlights



	FY22
Stores Opened	41
Stores within Stores	40
Freestanding	1
Total Store Count	309
Stores within Stores	300
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 young women's sportswear, men's apparel, handbags, girl's/boy's apparel, and dresses
- 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*
  - 99% of Backstage customers cross shop multiple Macy's, Inc. nameplates
  - 18% of all customers in the SWS/full-line location shop both Backstage and full-line Macy's in that location
    - Additionally, these customers drive 32% of the building's sales
    - These cross shoppers shop 6.6x a year versus all shoppers at 3.2x
- Expect to open 10 stores-within-stores in 2023

*Represented from a trailing 12-month basis

Bloomingdale's Highlights

Dynamic and of-the-moment luxury retailer with a powerfully loyal customer base, unique brand voice, and cross-category appeal

- **Growing, Highly Engaged, Multi-Generational Customer Base**
  - Customer remained resilient despite challenging macro environment
  - In FY22, 4.1 million active customers shopped, a 5% increase over FY21
    - Loyallist members accounted for 70%+ of O+L sales and spent 7% more YOY
    - "Top of the list loyalty customer" increased spend by 9%

- **Top Categories:** beauty, women's and men's apparel in both contemporary and dressy

- **Establishing Bloomingdale's as the Winning Option for Multi-branded, Upscale Retail**
  - Building strong, mutually-productive partnerships with established and new brands from approachable to aspirational, while maintaining focus on curated expansion of the luxury labels its clients love
  - Continuing to innovate through collaborations, creative partnerships, and the Carousel to amplify its unique brand voice
  - Leveraging data and analytics and leaning into breadth of offering to optimize merchandising, inventory flow, and liquidity by store and by geography
  - Investing in elevating both its digital presence and physical footprint across the country, with heightened focus on Luxury and Advanced Contemporary, to meet desire for channel optionality

- **Diversification of Business Models and Store Formats as an Advantage**
  - Bloomie's, off-mall store format, seeing favorable response. 4Q22 comparable O+L sales increased 12% year-over-year*
    - Opening 1 Bloomie's in FY23, current fleet has 2 Bloomie's
  - Digital Marketplace planned to launch in 2H23







CELEBRATED 150th ANNIVERSARY & HAD RECORD BREAKING SALES YEAR IN FY22

*Represents locations open for one year or more, 1 Bloomie's

Bluemercury Highlights

Preferred luxury beauty destination with significant opportunity to gain market share

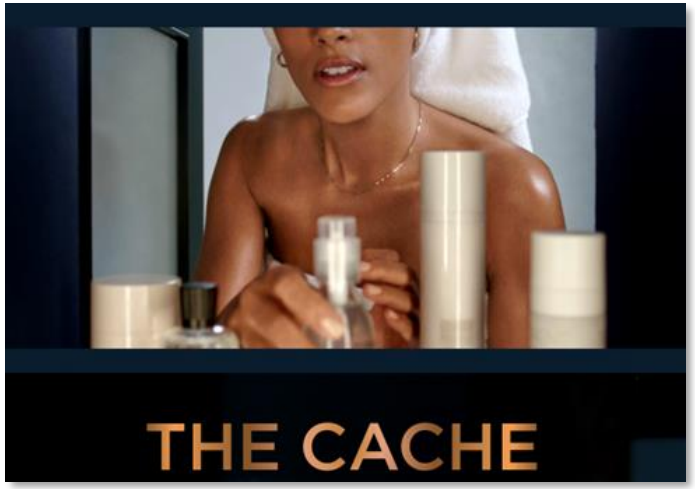
- **Customer Highlights**
  - Customer remained resilient despite challenging macro environment
  - In FY22, approximately 662,000 active customers shopped, a 12% increase over FY21
    - Loyalty customer represented 80%+ of sales, spent around 2x as much as non-loyalty

- **Top Categories**
  - Skincare, driven by strategic brand partners and new initiative The Cache, an incubator platform that curates the latest undiscovered, emerging, and cutting-edge brands

- **Solidifying Position as Luxury Beauty Destination**
  - Seeing growth across stores, digital and private brands
    - Optimizing the store fleet, opened 5 new stores and closed 5
      - Ended FY22 with 160 standalone locations
    - Enhancing website to drive engagement and conversion
    - Focused on growing Private Brands, FY 2022 sales increased 4% YOY
  - Continuing to develop strategic partnerships with brands and leaders.
    - Leaning into clinical and medical-grade brands with Dr. Love and Elta MD partnerships, especially as skin condition diagnosis and dermatology visits are increasing
    - Expanding assortment in High-Tech Beauty with new Higher Dose and Nood partnerships







RECORD BREAKING SALES YEAR IN FY22

Guidance

Five Growth Vectors

Strategic investments designed to fuel future profitable growth



Private Brands Reimagination

Designed to drive customer loyalty, be a differentiator for the business, complement national brands matrix and benefit gross margin.



Off-mall Expansion

Integral role in supporting omnichannel ecosystem. Unlocking full potential by testing and learning in 2023, potentially incrementally accelerating openings in 2024 if stores continue to outperform.



Digital Marketplace

On a multi-year journey with marketplace, keeping a pulse on market dynamics and shifts to deliver the best experience for customers and sellers.



Luxury Brands Acceleration

Attracting and retaining luxury customer through differentiated products, services and experiences at Bloomingdale's, Bluemercury, and beauty at Macy's.



Personalized Offers and Communication

Identified opportunity to build loyalty, grow customer lifetime value and protect margins – creating tailored and intimate customer experience.

Targeting sustainable annual net sales and comparable owned-plus-licensed sales growth* beginning in FY24

Assuming low-single digit decline in both metrics in FY23

Growth vectors were contemplated in long-term low single digit annual sales CAGR goal provided in 4Q21

*Based on the timing and anticipated impact of several roll-outs. Does not assume an improvement in consumer health. Investments are reflected in FY23 SG&A and CapEx assumptions.

2023 Full-year Guidance (on a 53-week basis unless otherwise noted)

	2023 GUIDANCE *as of 3/2/2023*
Net sales	$23.7 billion to $24.2 billion Approximately down 3% to down 1% from 2022
Comparable owned-plus-licensed sales (on a 52-week basis)	Approximately down 4% to down 2% from 2022
Digital sales	Approximately 32% to 34% of net sales
Other revenues	Approximately 3.7% of net sales *(credit card revenues accounting for approximately 84% of other revenues)*
Gross margin rate	Approximately 38.7% to 39.2%
SG&A expense rate	Approximately 35% of total revenue *Approximately 36.3% of net sales*
Asset sale gains	Between $60 million and $75 million
Benefit plan income	Approximately $12 million
Depreciation and amortization	Approximately $910 million
Adjusted EBITDA Margin	Approximately 10.0% to 10.4% of total revenue *Approximately 10.3% to 10.8% of net sales*
Interest expense, net	Approximately $165 million
Adjusted tax rate	Approximately 24.5%
Diluted shares outstanding *	Approximately 282 million
Adjusted diluted EPS	$3.67 to $4.11
Capital expenditures	Approximately $1 billion

Starting in 1Q23, Macy's, Inc will combine credit card revenues net and Macy's Media Network net monetization revenue together as a separate "other revenue" line. Total revenues will include net sales and other revenue. See proforma historical financial statements beginning on slide 47.

Starting in 1Q23, Macy's, Inc. will begin presenting SG&A and Adjusted EBITDA as a percent of total revenues rather than net sales.

Notes: * Adjusted diluted EPS does not account for any future share repurchases in 2023.

First Quarter 2023 Guidance

First Quarter 2023 Guidance

Net sales	**$5.0 billion** to **$5.1 billion**
* Adjusted diluted EPS	**$0.42** to **$0.48**

- Gross margin is expected to be down no more than 20 basis points versus the first quarter of 2022.
  - Reflects expected net impact of lower markdowns and promotions partially offset by lapping of ticket increases.
- Ending first quarter inventories are expected to be down mid-single digits year-over-year on a percentage basis.
- $7 million asset sale gain included in first quarter.

Notes: * Adjusted diluted EPS does not account for any future share repurchases in the first quarter of 2023.

Macy’s, Inc. Store Count – As of January 28, 2023

	End of 4Q22		Change in Locations from FY21
	Boxes	Locations	
Macy's Department Stores	495	441	-5
Macy's Furniture	51	46	-1
Macy's Furniture Clearance	1	1	-1
Freestanding Backstage	9	9	+1
Macy's Small Format	8	8	+3
Stores converted to Fullfilment Centers	2	2	-
Total Macy's	**566**	**507**	**-3**
Bloomingdale's Department Stores	34	32	-1
Bloomies	2	2	+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.	**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 300 Macy’s Store Within Store Backstage locations located within Macy’s stores

Additional Business Metrics

Digital Channel Performance Metrics

Fourth Quarter 2022	
Sales	Down 9% to 4Q21, up 24% to 4Q19
Net sales penetration	37% in 4Q22 vs. 39% in 4Q21 and 30% in 4Q19
Sales from Mobile Devices	68% of digital demand sales
Number of Visits**	768 million, down 1% to 4Q21, up 5% to 4Q19
Conversion Rate**	4.3%, down 8% to 4Q21, up 5% to 4Q19
Vendor Direct % of Digital Sales	21%
Digital Sales Fulfilled by Stores	33%

Full-Year 2022	
Sales	Down 6% to FY21, up 31% to FY19
Net sales penetration	33% in FY22 vs. 35% in FY21 and 25% in FY19
Sales from Mobile Devices	65% of digital demand sales
Number of Visits**	2.1 billion, down 2% to FY21, up 7% to FY19
Conversion Rate**	4.2%, down 6% to FY21, up 11% to FY19
Vendor Direct % of Digital Sales	21%
Digital Sales Fulfilled by Stores	31%

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

Fourth Quarter Credit Card Revenue

	4Q22	Notes
Net Credit Card Revenue	$262M	
Change to 4Q21	-$2M	• Primarily benefited from higher balances in the portfolio and better than expected bad debt levels
Net Credit Card Revenue Penetration (% of Sales)	3.2%	• Net credit card revenue as a percent of sales was 3.2% versus 3.0% in 4Q21
Change to 4Q21	+20 bps	
Digital new accounts	126K	
Change to 4Q21	-15.0%	• Impacted by weakening in application flow as overall online business continued to lag the prior year
New accounts	730K	• The number of new accounts reflect continued impacts of challenging macroeconomic environment on consumer behavior
Change to 4Q21	-6.0%	
Proprietary card penetration rate	41.6%	• Improvement in proprietary card penetration rate due to shifts in types of tenders
Change to 4Q21	+110 bps	

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.	Versus 13 weeks ended January 29, 2022	Versus 52 weeks ended January 29, 2022
Increase (decrease) in comparable sales on an owned basis (Note 1)	(3.3)%	0.3%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.6%	0.3%
Increase (decrease) in comparable sales on an owned plus licensed basis	(2.7)%	0.6%

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation during the 13 and 52 weeks ended January 28, 2023, and the 13 and 52 weeks ended January 29, 2022 and January 30, 2021, respectively. 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.	Versus 13 weeks ended January 30, 2021	Versus 52 weeks ended January 30, 2021
Increase in comparable sales on an owned basis (Note 1)	28.3%	43.0%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.5)%	(0.1)%
Increase in comparable sales on an owned plus licensed basis	27.8%	42.9%

Macy's, Inc.	Versus 13 weeks ended February 1, 2020
Increase in comparable sales on an owned basis (Note 1)	3.1%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.2%
Increase in comparable sales on an owned plus licensed basis	3.3%

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

Macy's	Versus 13 weeks ended January 29, 2022
Decrease in comparable sales on an owned basis (Note 1)	(3.9)%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.6%
Decrease in comparable sales on an owned plus licensed basis	(3.3)%

Bloomingdale's	Versus 13 weeks ended January 29, 2022
Increase in comparable sales on an owned basis (Note 1)	1.2%
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	0.6%

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

In millions	13 weeks ended January 28, 2023	13 weeks ended January 29, 2022
Most comparable GAAP measure:		
Net income	$508	$742
Net sales	$8,264	$8,665
Net income as a percent to net sales	6.1 %	8.6 %
Non-GAAP measure:		
Net income	$524	$745
Interest expense, net	31	44
Federal, state and local income tax expense	129	240
Depreciation and amortization	219	206
Earnings before interest, taxes, depreciation and amortization	$887	$1,232
Impairment, restructuring and other costs	16	9
Settlement charges	7	6
Adjusted EBITDA	$910	$1,247
Adjusted EBITDA as a percent to net sales	11.0 %	14.4 %

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

In millions	52 weeks ended January 28, 2023	52 weeks ended January 29, 2022
Most comparable GAAP measure:		
Net income	$1,177	$1,430
Net sales	$24,442	$24,460
Net income as a percent to net sales	4.8 %	5.8 %
Non-GAAP measure:		
Net income	$1,177	$1,430
Interest expense, net	162	255
Losses on early retirement of debt	31	199
Federal, state and local income tax expense	341	436
Depreciation and amortization	857	874
Earnings before interest, taxes, depreciation and amortization	$2,568	$3,194
Impairment, restructuring and other costs	41	30
Settlement charges	39	96
Adjusted EBITDA	$2,648	$3,320
Adjusted EBITDA as a percent to net sales	10.8 %	13.6 %

Net Income, Excluding Certain Items

In millions	13 weeks ended January 28, 2023	13 weeks ended January 29, 2022
Most comparable GAAP measure:		
Net income	$508	$742
Non-GAAP measure:		
Net income	$508	$742
Impairment, restructuring and other costs	16	9
Settlement charges	7	6
Income tax impact of certain items identified above	(7)	(12)
As adjusted to exclude certain items above	$524	$745

Net Income, Excluding Certain Items

In millions	52 weeks ended January 28, 2023	52 weeks ended January 29, 2022
Most comparable GAAP measure:		
Net income	$1,177	$1,430
Non-GAAP measure:		
Net income	$1,177	$1,430
Impairment, restructuring and other costs	41	30
Settlement charges	39	96
Losses on early retirement of debt	31	199
Income tax impact of certain items identified above	(29)	(87)
As adjusted to exclude certain items above	$1,259	$1,668

Diluted Earnings Per Share, Excluding Certain Items

	13 weeks ended January 28, 2023	13 weeks ended January 29, 2022
Most comparable GAAP measure:		
Diluted earnings per share	$1.83	$2.44
Non-GAAP measure:		
Diluted earnings per share	$1.83	$2.44
Impairment, restructuring and other costs	0.06	0.03
Settlement charges	0.02	0.02
Income tax impact of certain items identified above	(0.03)	(0.04)
As adjusted to exclude certain items above	$1.88	$2.45

Diluted Earnings Per Share, Excluding Certain Items

	52 weeks ended January 28, 2023	52 weeks ended January 29, 2022
Most comparable GAAP measure:		
Diluted earnings per share	$4.19	$4.55
Non-GAAP measure:		
Diluted earnings per share	$4.19	$4.55
Impairment, restructuring and other costs	0.15	0.10
Settlement charges	0.14	0.31
Losses on early retirement of debt	0.11	0.63
Income tax impact of certain items identified above	(0.11)	(0.28)
As adjusted to exclude certain items above	$4.48	$5.31

Free Cash Flow

In millions	52 weeks ended January 28, 2023
Net cash provided by operating activities	$1,615
Purchase of property and equipment	(888)
Capitalized software	(407)
Disposition of property and equipment	137
Free Cash Flow	$457

Pro Forma Consolidated Statements of Income and Consolidated Statement of Operations 2019, 2020, 2021 & 2022

The following pages reflect the pro forma consolidated statements of income and operations reflecting the reclass of Macy's Media Network net monetization revenue from SG&A to Other Revenue and credit card revenues, net to Other Revenue. These presentation changes will occur in 2023, and these historical pro forma schedules are included for informational purposes only.

2019 Pro Forma Consolidated Statements of Income

(All amounts in millions except percentages and per share figures)

	1Q19			2Q19			3Q19			4Q19			FY19		
		Unaudited			Unaudited			Unaudited			Unaudited		Audited	Unaudited	
	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma
Net sales	$ 5,504	-	$ 5,504	$ 5,546	-	$ 5,546	$ 5,173	-	$ 5,173	$ 8,337	-	$ 8,337	$ 24,560	-	$ 24,560
Credit card revenues, net	172	(172)	-	176	(176)	-	183	(183)	-	239	(239)	-	771	(771)	-
Other Revenue	-	174	174	-	178	178	-	186	186	-	246	246	-	784	784
Total revenue			5,678			5,724			5,359			8,583			25,344
Cost of sales	(3,403)	-	(3,403)	(3,395)	-	(3,395)	(3,106)	-	(3,106)	(5,266)	-	(5,266)	(15,171)	-	(15,171)
% to net sales	*(61.8%)*		*(61.8%)*	*(61.2%)*		*(61.2%)*	*(60.0%)*		*(60.0%)*	*(63.2%)*		*(63.2%)*	*(61.8%)*		*(61.8%)*
Selling, general & administrative expenses	(2,112)	(2)	(2,114)	(2,177)	(2)	(2,179)	(2,202)	(3)	(2,205)	(2,509)	(7)	(2,516)	(8,998)	(13)	(9,011)
% to net sales	*(38.4%)*		-	*(39.3%)*		-	*(42.6%)*		-	*(30.1%)*		-	*(36.6%)*		-
% to total revenue	-		*(37.2%)*	-		*(38.1%)*	-		*(41.1%)*	-		*(29.3%)*	-		*(35.6%)*
Gains on sale of real estate	43	-	43	7	-	7	17	-	17	95	-	95	162	-	162
% to net sales	*0.8%*		*0.8%*	*0.1%*		*0.1%*	*0.3%*		*0.3%*	*1.1%*		*1.1%*	*0.7%*		*0.7%*
Impairment, restructuring and other costs	(1)	-	(1)	(2)	-	(2)	(13)	-	(13)	(337)	-	(337)	(354)	-	(354)
Operating income	203	-	203	155	-	155	52	-	52	559	-	559	970	-	970
% to net sales	*3.7%*		-	*2.8%*		-	*1.0%*		-	*6.7%*		-	*3.9%*		-
% to total revenue	-		*3.6%*	-		*2.7%*	-		*1.0%*	-		*6.5%*	-		*3.8%*
Benefit plan income, net	7	-	7	8	-	8	8	-	8	8	-	8	31	-	31
Settlement charges	-	-	-	-	-	-	(12)	-	(12)	(46)	-	(46)	(58)	-	(58)
Interest expense, net	(47)	-	(47)	(47)	-	(47)	(48)	-	(48)	(42)	-	(42)	(185)	-	(185)
Losses on early retirement of debt	-	-	-	-	-	-	-	-	-	(30)	-	(30)	(30)	-	(30)
Income before income taxes	163	-	163	116	-	116	-	-	-	449	-	449	728	-	728
Federal, state and local income tax benefit (expense)	(27)	-	(27)	(30)	-	(30)	2	-	2	(109)	-	(109)	(164)	-	(164)
Net income	$ 136	-	$ 136	$ 86	-	$ 86	$ 2	-	$ 2	$ 340	-	$ 340	$ 564	-	$ 564
Basic earnings per share	$ 0.44	-	$ 0.44	$ 0.28	-	$ 0.28	$ 0.01	-	$ 0.01	$ 1.10	-	$ 1.10	$ 1.82	-	$ 1.82
Diluted earnings per share	$ 0.44	-	$ 0.44	$ 0.28	-	$ 0.28	$ 0.01	-	$ 0.01	$ 1.09	-	$ 1.09	$ 1.81	-	$ 1.81
Additional metrics															
Gross margin	$ 2,101	-	$ 2,101	$ 2,151	-	$ 2,151	$ 2,067	-	$ 2,067	$ 3,071	-	$ 3,071	$ 9,389	-	$ 9,389
% to net sales	*38.2%*		*38.2%*	*38.8%*		*38.8%*	*40.0%*		*40.0%*	*36.8%*		*36.8%*	*38.2%*		*38.2%*
EBITDA	446	-	446	400	-	400	300	-	300	777	-	777	1,924	-	1,924
% to net sales	*8.1%*		-	*7.2%*		-	*5.8%*		-	*9.3%*		-	*7.8%*		-
% to total revenue	-		*7.9%*	-		*7.0%*	-		*5.6%*	-		*9.1%*	-		*7.6%*
Adjusted EBITDA	447	-	447	402	-	402	325	-	325	1,160	-	1,160	2,336	-	2,336
% to net sales	*8.1%*		-	*7.2%*		-	*6.3%*		-	*13.9%*		-	*9.5%*		-
% to total revenue	-		*7.9%*	-		*7.0%*	-		*6.1%*	-		*13.5%*	-		*9.2%*
Adjusted net income	137	-	137	88	-	88	21	-	21	661	-	661	907	-	907
Adjusted EPS	0.44	-	0.44	0.28	-	0.28	0.07	-	0.07	2.12	-	2.12	2.91	-	2.91

Gross margin defined as net sales less cost of sales.

2020 Pro Forma Consolidated Statements of Operations

(All amounts in millions except percentages and per share figures)

	1Q20			2Q20			3Q20			4Q20			FY20		
	Unaudited			Unaudited			Unaudited			Unaudited			Audited	Unaudited	
	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma
Net Sales	$ 3,017	-	$ 3,017	$ 3,559	-	$ 3,559	$ 3,990	-	$ 3,990	$ 6,780	-	$ 6,780	$ 17,346	-	$ 17,346
Credit card revenues, net	131	(131)	-	168	(168)	-	195	(195)	-	258	(258)	-	751	(751)	-
Other Revenue	-	134	134	-	172	172	-	202	202	-	280	280	-	787	787
Total Revenue			3,151			3,731			4,192			7,060			18,133
Cost of sales	(2,501)	-	(2,501)	(2,718)	-	(2,718)	(2,569)	-	(2,569)	(4,498)	-	(4,498)	(12,286)	-	(12,286)
% to net sales	*(82.9%)*		*(82.9%)*	*(76.4%)*		*(76.4%)*	*(64.4%)*		*(64.4%)*	*(66.3%)*		*(66.3%)*	*(70.8%)*		*(70.8%)*
Selling, general & administrative expenses	(1,598)	(3)	(1,601)	(1,398)	(4)	(1,402)	(1,726)	(7)	(1,733)	(2,045)	(22)	(2,067)	(6,767)	(36)	(6,803)
% to net sales	*(53.0%)*		-	*(39.3%)*		-	*(43.3%)*		-	*(30.2%)*		-	*(39.0%)*		-
% to total revenue	-		*(50.8%)*	-		*(37.6%)*	-		*(41.3%)*	-		*(29.3%)*	-		*(37.5%)*
Gains on sale of real estate	16	-	16	-	-	-	3	-	3	40	-	40	60	-	60
% to net sales	*0.5%*		*0.5%*	-	-	-	*0.1%*		*0.1%*	*0.6%*		*0.6%*	*0.3%*		*0.3%*
Impairment, restructuring and other costs	(3,184)	-	(3,184)	(242)	-	(242)	(20)	-	(20)	(134)	-	(134)	(3,579)	-	(3,579)
Operating income (loss)	(4,119)	-	(4,119)	(631)	-	(631)	(127)	-	(127)	401	-	401	(4,475)	-	(4,475)
% to net sales	*(136.5%)*		-	*(17.7%)*		-	*(3.2%)*		-	*5.9%*		-	*(25.8%)*		-
% to total revenue	-		*(130.7%)*	-		*(16.9%)*	-		*(3.0%)*	-		*5.7%*	-		*(24.7%)*
Benefit plan income, net	9	-	9	12	-	12	16	-	16	17	-	17	54	-	54
Settlement charges	-	-	-	(38)	-	(38)	(26)	-	(26)	(19)	-	(19)	(84)	-	(84)
Interest expense, net	(47)	-	(47)	(69)	-	(69)	(80)	-	(80)	(84)	-	(84)	(280)	-	(280)
Financing costs	-	-	-	(3)	-	(3)	-	-	-	(1)	-	(1)	(5)	-	(5)
Income (loss) before income taxes	(4,157)	-	(4,157)	(729)	-	(729)	(217)	-	(217)	314	-	314	(4,790)	-	(4,790)
Federal, state and local income tax benefit (expense)	576	-	576	298	-	298	126	-	126	(154)	-	(154)	846	-	846
Net income (loss)	$ (3,581)	-	$ (3,581)	$ (431)	-	$ (431)	$ (91)	-	$ (91)	$ 160	-	$ 160	$ (3,944)	-	$ (3,944)
Basic earnings per share	$ (11.53)	-	$ (11.53)	$ (1.39)	-	$ (1.39)	$ (0.29)	-	$ (0.29)	$ 0.51	-	$ 0.51	$ (12.68)	-	$ (12.68)
Diluted earnings per share	$ (11.53)	-	$ (11.53)	$ (1.39)	-	$ (1.39)	$ (0.29)	-	$ (0.29)	$ 0.50	-	$ 0.50	$ (12.68)	-	$ (12.68)
Additional metrics															
Gross margin	$ 516	-	$ 516	$ 841	-	$ 841	$ 1,421	-	$ 1,421	$ 2,282	-	$ 2,282	$ 5,060	-	$ 5,060
% to net sales	*17.1%*		*17.1%*	*23.6%*		*23.6%*	*35.6%*		*35.6%*	*33.7%*		*33.7%*	*29.2%*		*29.2%*
EBITDA	(3,873)	-	(3,873)	(422)	-	(422)	113	-	113	636	-	636	(3,546)	-	(3,546)
% to net sales	*(128.4%)*		-	*(11.9%)*		-	*2.8%*		-	*9.4%*		-	*(20.4%)*		-
% to total revenue	-		*(122.9%)*	-		*(11.3%)*	-		*2.7%*	-		*9.0%*	-		*(19.6%)*
Adjusted EBITDA	(689)	-	(689)	(142)	-	(142)	159	-	159	789	-	789	117	-	117
% to net sales	*(22.8%)*		-	*(4.0%)*		-	*4.0%*		-	*11.6%*		-	*0.7%*		-
% to total revenue	-		*(21.9%)*	-		*(3.8%)*	-		*3.8%*	-		*11.2%*	-		*0.6%*
Adjusted net income	(630)	-	(630)	(251)	-	(251)	(60)	-	(60)	253	-	253	(688)	-	(688)
Adjusted EPS	(2.03)	-	(2.03)	(0.81)	-	(0.81)	(0.19)	-	(0.19)	0.80	-	0.80	(2.21)	-	(2.21)

Gross margin defined as net sales less cost of sales.

2021 Pro Forma Consolidated Statements of Income

(All amounts in millions except percentages and per share figures)

	1Q21			2Q21			3Q21			4Q21			FY21		
		Unaudited			Unaudited			Unaudited			Unaudited		Audited	Unaudited	
	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma
Net Sales	$ 4,706	-	$ 4,706	$ 5,647	-	$ 5,647	$ 5,440	-	$ 5,440	$ 8,665	-	$ 8,665	$ 24,460	-	$ 24,460
Credit card revenues, net	159	(159)	-	197	(197)	-	213	(213)	-	264	(264)	-	832	(832)	-
Other Revenue	-	172	172	-	215	215	-	239	239	-	314	314	-	939	939
Total Revenue			4,878			5,862			5,679		-	8,979			25,399
Cost of sales	(2,889)	-	(2,889)	(3,353)	-	(3,353)	(3,207)	-	(3,207)	(5,506)	-	(5,506)	(14,956)	-	(14,956)
% to net sales	*(61.4%)*		*(61.4%)*	*(59.4%)*		*(59.4%)*	*(59.0%)*		*(59.0%)*	*(63.5%)*		*(63.5%)*	*(61.1%)*		*(61.1%)*
Selling, general & administrative expenses	(1,748)	(13)	(1,761)	(1,898)	(18)	(1,916)	(1,973)	(26)	(1,999)	(2,429)	(50)	(2,479)	(8,047)	(107)	(8,154)
% to net sales	*(37.1%)*		-	*(33.6%)*		-	*(36.3%)*		-	*(28.0%)*		-	*(32.9%)*		-
% to total revenue	-		*(36.1%)*	-		*(32.7%)*	-		*(35.2%)*	-		*(27.6%)*	-		*(32.1%)*
Gains on sale of real estate	6	-	6	6	-	6	50	-	50	30	-	30	91	-	91
% to net sales	*0.1%*		*0.1%*	*0.1%*		*0.1%*	*0.9%*		*0.9%*	*0.3%*		*0.3%*	*0.4%*		*0.4%*
Impairment, restructuring and other costs	(19)	-	(19)	(2)	-	(2)	-	-	-	(9)	-	(9)	(30)	-	(30)
Operating income	215	-	215	597	-	597	523	-	523	1,015	-	1,015	2,350	-	2,350
% to net sales	*4.6%*		-	*10.6%*		-	*9.6%*		-	*11.7%*		-	*9.6%*		-
% to total revenue	-		*4.4%*	-		*10.2%*	-		*9.2%*	-		*11.3%*	-		*9.3%*
Benefit plan income, net	15	-	15	17	-	17	17	-	17	17	-	17	66	-	66
Settlement charges	-	-	-	(81)	-	(81)	(8)	-	(8)	(6)	-	(6)	(96)	-	(96)
Interest expense, net	(79)	-	(79)	(80)	-	(80)	(53)	-	(53)	(44)	-	(44)	(255)	-	(255)
Losses on early retirement of debt	(11)	-	(11)	(3)	-	(3)	(185)	-	(185)	-	-	-	(199)	-	(199)
Income before income taxes	140	-	140	450	-	450	294	-	294	982	-	982	1,866	-	1,866
Federal, state and local income tax benefit (expense)	(37)	-	(37)	(105)	-	(105)	(55)	-	(55)	(240)	-	(240)	(436)	-	(436)
Net income	$ 103	-	$ 103	$ 345	-	$ 345	$ 239	-	$ 239	$ 742	-	$ 742	$ 1,430	-	$ 1,430
Basic earnings per share	$ 0.33	-	$ 0.33	$ 1.11	-	$ 1.11	$ 0.78	-	$ 0.78	$ 2.50	-	$ 2.50	$ 4.66	-	$ 4.66
Diluted earnings per share	$ 0.32	-	$ 0.32	$ 1.08	-	$ 1.08	$ 0.76	-	$ 0.76	$ 2.44	-	$ 2.44	$ 4.55	-	$ 4.55
Additional metrics															
Gross margin	$ 1,817	-	$ 1,817	$ 2,294	-	$ 2,294	$ 2,233	-	$ 2,233	$ 3,159	-	$ 3,159	$ 9,504	-	$ 9,504
% to net sales	*38.6%*		*38.6%*	*40.6%*		*40.6%*	*41.0%*		*41.0%*	*36.5%*		*36.5%*	*38.9%*		*38.9%*
EBITDA	454	-	454	753	-	753	757	-	757	1,232	-	1,232	3,194	-	3,194
% to net sales	*9.6%*		-	*13.3%*		-	*13.9%*		-	*14.2%*		-	*13.1%*		-
% to total revenue	-		*9.3%*	-		*12.8%*	-		*13.3%*	-		*13.7%*	-		*12.6%*
Adjusted EBITDA	473	-	473	836	-	836	765	-	765	1,247	-	1,247	3,320	-	3,320
% to net sales	*10.1%*		-	*14.8%*		-	*14.1%*		-	*14.4%*		-	*13.6%*		-
% to total revenue	-		*9.7%*	-		*14.3%*	-		*13.5%*	-		*13.9%*	-		*13.1%*
Adjusted net income	126	-	126	411	-	411	386	-	386	745	-	745	1,668	-	1,668
Adjusted EPS	0.39	-	0.39	1.29	-	1.29	1.23	-	1.23	2.45	-	2.45	5.31	-	5.31

Gross margin defined as net sales less cost of sales.

2022 Pro Forma Consolidated Statements of Income

(All amounts in millions except percentages and per share figures)

	1Q22			2Q22			3Q22			4Q22			FY22		
	Unaudited			Unaudited			Unaudited			Unaudited			Unaudited		
	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassification	Pro Forma	As reported	Reclassifications	Pro Forma	As reported	Reclassifications	Pro Forma
Net Sales	$ 5,348	-	$ 5,348	$ 5,600	-	$ 5,600	$ 5,230	-	$ 5,230	$ 8,264	-	$ 8,264	$ 24,442	-	$ 24,442
Credit card revenues, net	191	(191)	-	204	(204)	-	206	(206)	-	262	(262)	-	863	(863)	-
Other Revenue	-	217	217	-	234	234	-	237	237	-	319	319	-	1,007	1,007
Total Revenue			5,565	-		5,834			5,467			8,583			25,449
Cost of sales	(3,231)	-	(3,231)	(3,422)	-	(3,422)	(3,204)	-	(3,204)	(5,450)	-	(5,450)	(15,306)	-	(15,306)
% to net sales	*(60.4%)*		*(60.4%)*	*(61.1%)*		*(61.1%)*	*(61.3%)*		*(61.3%)*	*(65.9%)*		*(65.9%)*	*(62.6%)*		*(62.6%)*
Selling, general & administrative expenses	(1,879)	(26)	(1,905)	(1,981)	(30)	(2,011)	(2,057)	(31)	(2,088)	(2,399)	(57)	(2,456)	(8,317)	(144)	(8,461)
% to net sales	*(35.1%)*		-	*(35.4%)*		-	*(39.3%)*		-	*(29.0%)*		-	*(34.0%)*		-
% to total revenue	-		*(34.2%)*	-		*(34.5%)*	-		*(38.2%)*			*(28.6%)*	-		*(33.2%)*
Gains on sale of real estate	42	-	42	-	-	-	32	-	32	15	-	15	89	-	89
% to net sales	*0.8%*		*0.8%*				*0.6%*		*0.6%*	*0.2%*		*0.2%*	*0.4%*		*0.4%*
Impairment, restructuring and other costs	(8)	-	(8)	(2)	-	(2)	(15)	-	(15)	(16)	-	(16)	(41)	-	(41)
Operating income	463	-	463	399	-	399	192	-	192	676	-	676	1,730	-	1,730
% to net sales	*8.7%*		-	*7.1%*		-	*3.7%*		-	*8.2%*		-	*7.1%*		-
% to total revenue	-		*8.3%*	-		*6.8%*	-		*3.5%*	-		*7.9%*	-		*6.8%*
Benefit plan income, net	7	-	7	7	-	7	7	-	7	(1)	-	(1)	20	-	20
Settlement charges	-	-	-	-	-	-	(32)	-	(32)	(7)	-	(7)	(39)	-	(39)
Interest expense, net	(47)	-	(47)	(42)	-	(42)	(42)	-	(42)	(31)	-	(31)	(162)	-	(162)
Losses on early retirement of debt	(31)	-	(31)	-	-	-	-	-	-	-	-	-	(31)	-	(31)
Income before income taxes	392	-	392	364	-	364	125	-	125	637	-	637	1518	-	1,518
Federal, state and local income tax benefit (expense)	(106)	-	(106)	(89)	-	(89)	(17)	-	(17)	(129)	-	(129)	(341)	-	(341)
Net income	$ 286	-	$ 286	$ 275	-	$ 275	$ 108	-	$ 108	$ 508	-	$ 508	$ 1,177	-	$ 1,177
Basic earnings per share	$ 1.01	-	$ 1.01	$ 1.01	-	$ 1.01	$ 0.40	-	$ 0.40	$ 1.87	-	$ 1.87	$ 4.28	-	$ 4.28
Diluted earnings per share	$ 0.98	-	$ 0.98	$ 0.99	-	$ 0.99	$ 0.39	-	$ 0.39	$ 1.83	-	$ 1.83	$ 4.19	-	$ 4.19
Additional metrics															
Gross margin	$ 2,117	-	$ 2,117	$ 2,178	-	$ 2,178	$ 2,026	-	$ 2,026	$ 2,814	-	$ 2,814	$ 9,136	-	$ 9,136
% to net sales	39.6%		39.6%	38.9%		38.9%	38.7%		38.7%	34.1%		34.1%	37.4%		37.4%
EBITDA	676	-	676	614	-	614	392	-	392	887	-	887	2,568	-	2,568
% to net sales	*12.6%*		-	*11.0%*		-	*7.5%*		-	*10.7%*		-	*10.5%*		-
% to total revenue	-		*12.1%*	-		*10.5%*	-		*7.2%*	-		*10.3%*	-		*10.1%*
Adjusted EBITDA	684	-	684	616	-	616	439	-	439	910	-	910	2,648	-	2,648
% to net sales	*12.8%*		-	*11.0%*		-	*8.4%*		-	*11.0%*		-	*10.8%*		-
% to total revenue	-		*12.3%*	-		*10.6%*	-		*8.0%*	-		*10.6%*	-		*10.4%*
Adjusted net income	315	-	315	277	-	277	143	-	143	524	-	524	1,259	-	1,259
Adjusted EPS	1.08	-	1.08	1.00	-	1.00	0.52	-	0.52	1.88	-	1.88	4.48	-	4.48

Gross margin defined as net sales less cost of sales.