



macys inc

★ macys

bloomingdales

BLUEMERCURY



2Q24 Earnings

August 21, 2024



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, Inc.'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, Inc.'s ability to successfully implement its A Bold New Chapter strategy, including the ability to realize the anticipated benefits within the expected timeframe 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, declines in credit card revenues, Macy's, Inc.'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, inventory shortage and labor shortages, the amount and timing of future dividends and share repurchases, our ability to execute on our strategies or 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 February 3, 2024. Macy's, Inc. 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.



Encouraged by Macy's First 50 performance, delivered +1.0% comp sales¹ growth



¹ Comparable owned-plus-licensed sales.

2Q24 Macy's, Inc.

Performance Highlights

macys inc

\$4.9B

Net sales -3.8% vs 2Q23

40.5%

Gross margin rate¹, +240 bps vs 2Q23

38.7%

SG&A expense rate², +120 bps vs 2Q23

\$0.53

Adjusted Diluted Earnings Per Share (EPS), +103.8% vs 2Q23

¹ % of net sales. ² % of total revenue.





A Bold New
Chapter

Strengthen

Macy's Nameplate



Strengthen Macy's Nameplate

2Q24 Performance

Encouraging green shoots in merchandising and First 50 locations

-4.4%

Net sales vs. 2Q23

-3.6%

Comparable owned-plus-licensed-plus-marketplace (O+L+M) sales vs. 2Q23

Highlights

- Ongoing strength in fragrances with green shoots in ready-to-wear.
- Customers responded favorably to women's private brand reimagination.
- Addressing ongoing weakness in men's apparel, handbags and home.

Strengthen Macy's Nameplate

First 50 Locations

Leading indicator of Go-Forward Macy's growth

First 50 Locations

- Improve customer experience with focused staffing in shoes, handbags, women's ready-to-wear, fitting rooms and check out.
- Enhance merchandising by editing existing assortments and adding new brands.
- Modernize visual presentation.
- Offer unique store-level activations and community events.

Performance Highlights

+1.0%

Comparable owned-plus-licensed (O+L) sales vs. 2Q23

+460 bps

Comparable O+L sales outperformance vs. Macy's nameplate.





Strengthen Macy's Nameplate

First 50 Locations, cont.

Initiatives drove improvements in category performance, customer experience, traffic and conversion

Customer Experience

+600 bps

First 50 NPS year-over-year improvement.

+200 bps

First 50 NPS compared to other Go-Forward locations.

Category Performance

- Improvements in shoes, handbags, men's and kid's apparel and women's ready-to-wear performance.

Looking ahead

- Implementing women's shoes and handbag staffing tests in ~100 additional Go-Forward locations in Fall 2024.

Strengthen Macy's Nameplate

Rationalize Store Base

Monetizing Non-Go-Forward locations

Overview

- Non-Go-Forward locations are valuable real estate assets.
- Pleased with the pace and quality of deal-making.
- Evaluating all opportunities, executing accretive deals.

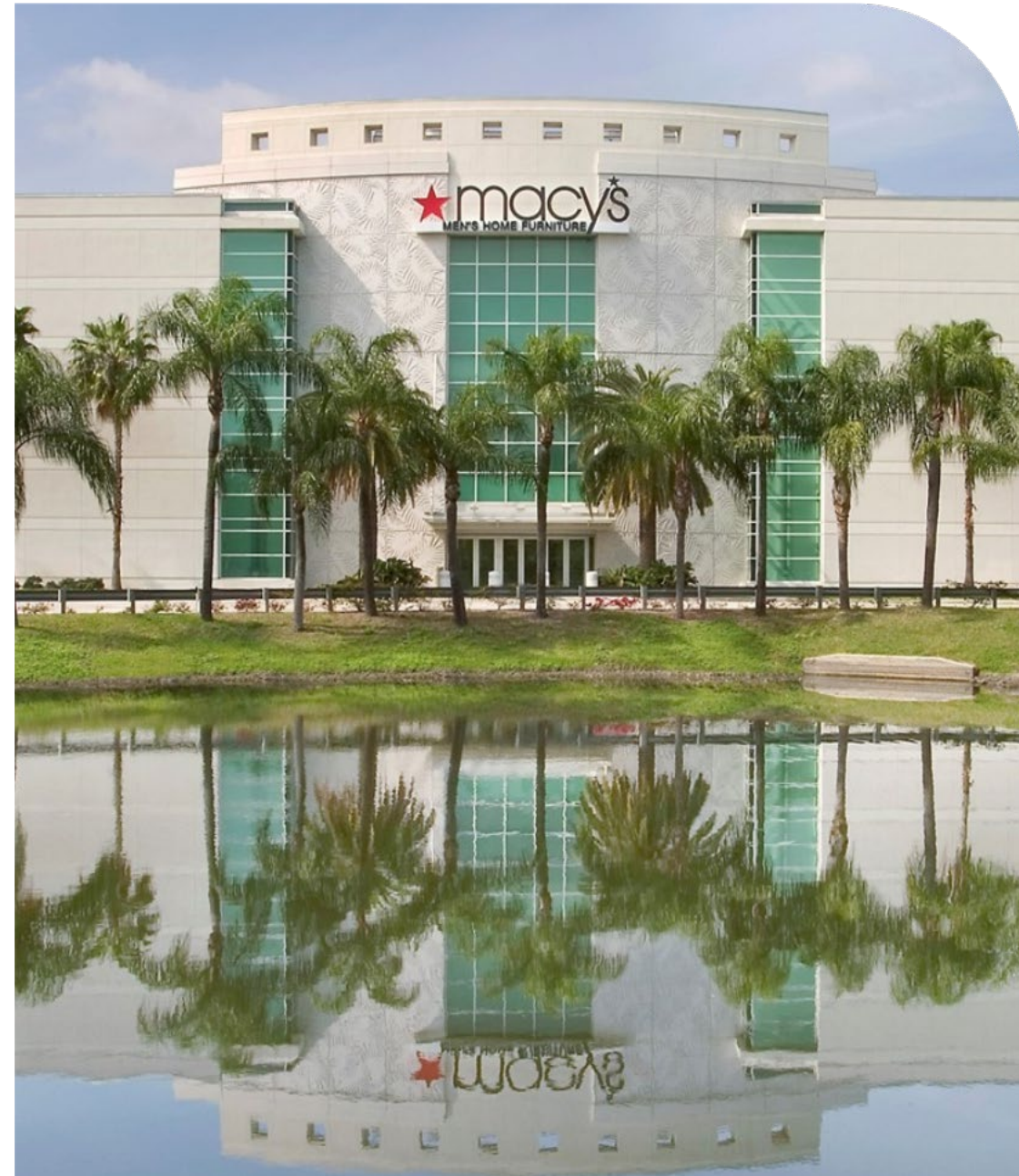
Planned Macy's Store Closures

~55

Locations expected to close in FY24, compared to prior expectations of roughly 50

~150

Total locations expected to close through FY26





A Bold New
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Strengthen

Macy's Nameplate



A Bold New
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Accelerate

Luxury Growth

Bloomingdale's

Highlights

-0.2%

Net sales vs. 2Q23

-1.4%

Comparable O+L+M sales¹
vs. 2Q23

- Customers responded well to advanced contemporary apparel brands including Veronica Beard, Alice and Olivia, L'AGENCE and Farm Rio.
- AQUA collaboration with Venus Williams in June was well-received.
- NPS scores increased over 250 bps year-over-year.
- Ahead of New York Fashion week, unveiling a two-month long immersive experience bringing the best of Italy to its customers with 300+ exclusive products and 30 new brands.

¹Excludes one Non-Go-Forward location.



Bluemercury

Highlights

+1.7%

Net sales vs. 2Q23

+2.0%

Comparable owned sales
vs. 2Q23



- 14th consecutive quarter of comparable sales growth, driven by continued strength in skincare.
- Added new brands, including Dr. Diamonds Metacine, and expanded fragrance offering with launch of Creed and Parfums de Marly.
- New stores and remodels elevate Bluemercury's service model, spa integration and product mix.
- Celebrating 25th anniversary beginning in September 2024.



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Accelerate

Luxury Growth



A Bold New
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Simplify & Modernize

End-to-End Operations



**Confident in the Bold New Chapter strategy,
committed to improving business fundamentals**



A Bold New
Chapter

2Q24 Financial Results and Capital Allocation



Leaning into cost savings and working capital discipline, while making targeted investments



Sales Highlights

macys inc

\$4.9B

Net sales -3.8% vs 2Q23

-4.0%

Comparable owned sales vs 2Q23

-3.3%

Comparable O+L+M sales vs 2Q23

-3.0%

Go-forward Macy's, Inc. business¹
comparable O+L+M sales vs
2Q23

¹ Defined as Macy's, Bloomingdale's and Bluemercury Go-Forward locations and digital





2Q24 Financial Results and Capital Allocation

Nameplate Highlights

Results versus 2Q23



Net Sales	-4.4%
Comparable O+L+M Sales	-3.6%
Go-Forward Macy's Business Comparable O+L+M Sales ¹	-3.3%
Go-Forward Macy's Locations Comparable O+L Sales ²	-2.3%
Macy's First 50 Locations Comparable O+L Sales	+1.0%
Non-First 50 Go-Forward Macy's Locations Comparable O+L Sales	-3.7%
Non-Go-Forward Macy's Locations Comparable O+L Sales	-6.5%

¹ Go-Forward Macy's business includes all Macy's Go-Forward Locations and Digital.

² Go-Forward Macy's locations inclusive of First 50 and Non-First 50 Go-Forward Locations.

Nameplate Highlights, cont.

Results versus 2Q23

bloomingdale's

Net Sales **-0.2%**

Comparable O+L+M Sales¹ **-1.4%**

BLUEMERCURY

Net Sales **+1.7%**

Comparable Owned Sales **+2.0%**

¹Excludes one Non-Go-Forward location.



Other Revenue Highlights

macys inc

\$159M

Other revenue +6.0% vs
2Q23

\$125M

Credit card revenue net
+4.2% vs 2Q23

\$34M

Macy's Media Network revenue
net +13.3% vs 2Q23



Profitability & Productivity Highlights

macys inc	Actuals	Change
		vs 2Q23
Total Revenue	\$5,096	-3.5%
Gross Margin	\$1,999	+2.3%
Gross Margin Rate¹	40.5%	+240 bps
SG&A Expense	\$1,973	-0.4%
SG&A Expense Rate²	38.7%	+120 bps
EBIT	\$226	+3666.7%
Adjusted EBIT	\$225	+70.5%
Adjusted EBIT Margin Rate²	4.4%	+190 bps
EBITDA	\$439	+98.6%
Adjusted EBITDA	\$438	+26.2%
Adjusted EBITDA Margin Rate²	8.6%	+200 bps
Diluted EPS	\$0.53	+762.5%
Adjusted Diluted EPS	\$0.53	+103.8%
Inventory	\$4,378	+6.0%

NOTE: In millions, except per share figures & percentages.
¹ % of net sales. ² % of total revenue.





YTD Capital Allocation Highlights

macys inc

\$137M

Operating Cash Flow

\$432M

Capital Expenditures

\$244M

Free Cash Outflow

\$96M

Dividend Payments

Real Estate Monetization

Overview

- Committed to monetizing Non-Go-Forward assets and certain distribution centers, only at the right value.
- Pleased with traction experienced to-date with landlords and developers.
- Encouraged by the progress seasoned real estate team is making.
- Increased expected number of FY24 store closures to ~55 locations, from roughly 50.

FY24 Expectations

~\$115M

Asset sales gains

~\$150M

Related sales proceeds



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Looking Ahead



FY24 Guidance

Revised as of August 21, 2024

The company is providing the following estimates for certain FY24 financial statement items:

\$22.1B to \$22.4B

Net Sales

-2.0% to -0.5%
vs FY23

Comparable
O+L+M Sales

-1.5% to Flat
vs FY23

Macy's Go-Forward¹
Comparable O+L+M Sales

+0.5% to +2.0%
vs FY23

Luxury Nameplates²
Comparable O+L+M Sales

\$670M to \$685M

(Credit Card Revenues: \$490M to \$505M)

Other Revenue

39.0% to 39.2%

Gross Margin
Rate³

8.6% to 9.0%

Adjusted
EBITDA Rate⁴

\$2.55 to \$2.90

Adjusted
Diluted EPS⁵

NOTE: Full Guidance Details can be found in the additional information section of this presentation. FY24 is a 52-week period while FY23 was a 53-week period. The FY24 outlook for all metrics is provided on a 52-week basis, with the exception of comparable sales, which is provided on a 52-week basis for both periods. The company's outlook excludes any potential impact from the credit card late fee ruling, which was stayed on May 10, 2024.

¹ Macy's Go-Forward locations and digital. ² Bloomingdale's and Bluemercury Go-Forward locations and digital. ³% of net sales. ⁴% of total revenue.

⁵The impact of any potential future share repurchase associated with the company's current share repurchase authorization is excluded.

3Q24 Guidance

As of August 21, 2024

The company is providing the following estimates for certain 3Q24 financial statement items:

\$4.7B to \$4.82B

Net Sales

\$152M

(Credit Card Revenues: \$110M)

Other Revenue

40.3% to 40.5%

Gross Margin Rate¹

-\$0.04 to \$0.01

Adjusted Diluted EPS²

**Up mid-single-digits
vs 3Q23**

Inventory

NOTE: The company's outlook excludes any potential impact from the credit card late fee ruling, which was stayed on May 10, 2024.

¹ % of net sales.

² The impact of any potential future share repurchase associated with the company's current share repurchase authorization is excluded.



**Committed to the Bold New Chapter strategy,
designed to deliver profitable sales growth**



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Q&A



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Additional Information

Additional Information

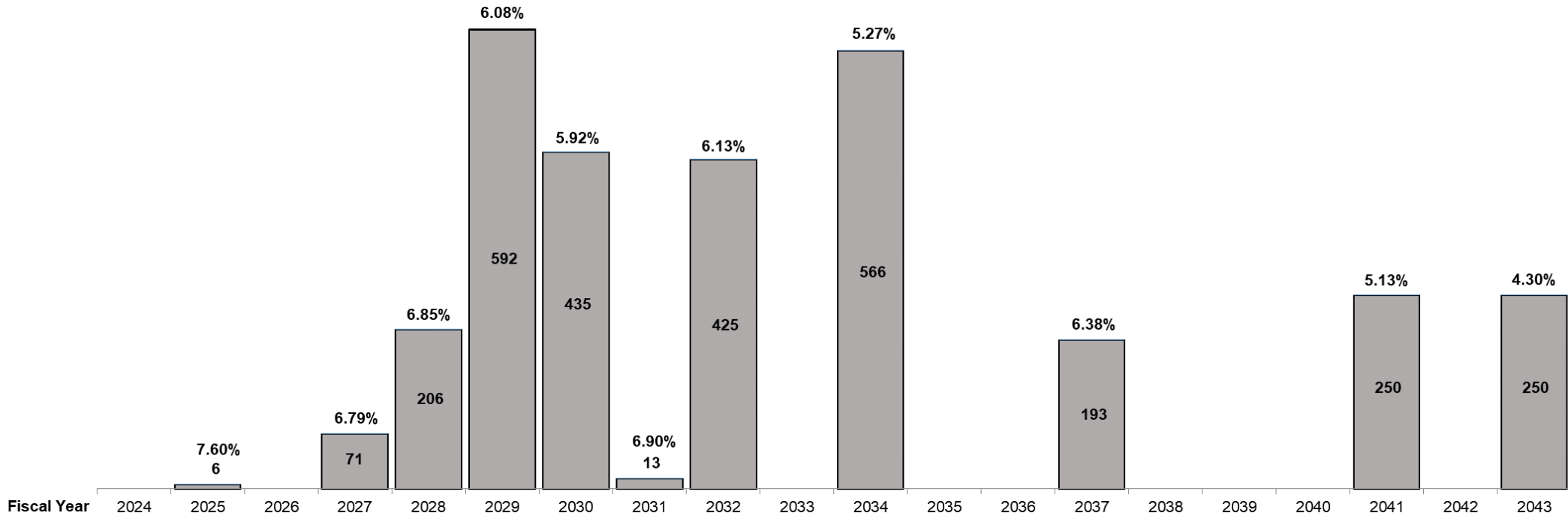
Store Count as of 8/3/2024

	End of 2Q24	Change In Locations from FY23
	Locations	
Macy's Department Stores	435	—
Macy's Small Format	18	+6
Macy's Furniture	43	-2
Macy's Furniture Clearance	1	—
Freestanding Backstage	9	—
Total Macy's	506	+4
Bloomingdale's Department Stores	32	—
Bloomies	3	—
Bloomingdale's Furniture/Other	1	—
Bloomingdale's The Outlet	21	—
Total Bloomingdale's	57	—
Bluemercury	157	-2
Total Macy's, Inc.	720	—

Additional Information

Long-term Debt Maturities as of 8/3/2024

(\$M)



2Q24 Additional Nameplate Highlights

	Actuals	Change
		vs 2Q23
Macy's Digital¹		
Digital visits	450M	+0.7%
Conversion rate	3.6%	-30 bps
Luxury Nameplates Digital		
Digital visits	70M	+3.1%
Conversion rate	2.5%	+5 bps

2Q24 Additional Nameplate Highlights, cont.

Performance

vs 2Q23

Backstage

Comparable owned sales versus Macy's full-line

+470 bps

Bloomingdale's the Outlet

Comparable owned-plus-licensed sales versus Bloomingdale's full-line

+170 bps

FY23 Nameplate Customer¹ Highlights

Actuals

Macy's

Active customers	41.2M
Star Rewards active member accounts	30.1M
Star Rewards program members % of Macy's comparable O+L+M sales	73%

Bloomingdale's

Active customers	4.0M
Loyallist program active member accounts	2.4M
Loyallist program members % of Bloomingdale's comparable O+L+M sales	81%

Bluemercury

Active Customers	711K
Loyalty program member accounts ²	1.0M
Loyalty program members % of Bluemercury sales	85%

Additional Information

2Q24 Financial Highlights & Commentary

	Actuals	Change	Commentary
		vs 2Q23	
Net Sales	\$4,937	-3.8%	
Comparable owned sales		-4.0%	Digital penetration of net sales was 29%. Owned AUR increased 3.6%, driven by improvements across all nameplates.
Comparable O+L+M sales		-3.3%	
Other Revenue	\$159	+6.0%	
Credit card revenues, net	\$125	+4.2%	Net credit losses were in line with the company's expectations. As a reminder, in the second quarter of 2023, credit card revenues were negatively impacted by a change in net credit loss trends. Proprietary card penetration rate of 42.2% was down 90 bps versus 2Q23.
Macy's Media Network revenues, net	\$34	+13.3%	
Gross Margin¹	\$1,999	+2.3%	Merchandise margin increased 210 basis points driven by lower year over year discounting, favorable shortage due to the company's asset protection work, and partially by the company's shift to cost accounting.
Gross Margin Rate ²	40.5%	+240 bps	Delivery expense as a percent of net sales improved 30 basis points driven by lower shipped sales volumes and improved delivery expense control reflecting cost savings and process re-engineering initiatives.
SG&A Expense	\$1,973	-0.4%	
SG&A Expense Rate ³	38.7%	+120 bps	SG&A expense dollars benefited from the company's appropriate cost controls while it protected customer-facing investments, particularly in First 50 locations.

Additional Information

2Q24 Financial Highlights & Commentary

	Actuals	Change	Commentary
		vs 2Q23	
EBIT	\$226	+3666.7%	Adjusted EBITDA and Adjusted Diluted EPS benefited from efficiencies and expense discipline throughout the organization and an earlier-than-expected non-go-forward asset sale gain.
Adjusted EBIT	\$225	+70.5%	
Adjusted EBIT Margin ¹	4.4%	+190 bps	
EBITDA	\$439	+98.6%	
Adjusted EBITDA	\$438	+26.2%	
Adjusted EBITDA Margin ¹	8.6%	+200 bps	
Diluted EPS	\$0.53	+762.5%	
Adjusted Diluted EPS	\$0.53	+103.8%	Inventories were higher than expected due to second quarter sales results as well as the decision to invest into areas of strength for the second half of 2024. The conversion to cost accounting was estimated to account for approximately half of the increase from the prior year.
Inventory²	\$4,378	+6.0%	
Inventory Turnover³		-6.9%	

In millions, except per share figures and percentages.

¹ % of total revenue. ² Gross margin and merchandise inventories are not directly comparable to the prior year given the recent conversion to cost accounting. ³ Inventory turnover is defined as trailing four-quarter cost of goods sold divided by trailing four-quarter average inventory.

Additional Information

1H24 Financial Highlights

	Actuals	Change
		vs 1H23
Net Sales	\$9,783	-3.3%
Comparable owned sales		-2.6%
Comparable O+L+M sales		-1.8%
Other Revenue	\$313	-8.2%
Credit card revenues, net	\$242	-14.2%
Macy's Media Network revenues, net	\$71	+20.3%
Gross Margin	\$3,899	-1.2%
Gross Margin Rate ¹	39.9%	+90 bps
SG&A Expense	\$3,884	-1.2%
SG&A Expense Rate ²	38.5%	+90 bps

	Actuals	Change
		vs 1H23
EBIT	\$354	+39.4%
Adjusted EBIT	\$373	-2.4%
Adjusted EBIT Margin Rate ²	3.7%	flat
EBITDA	\$783	+14.0%
Adjusted EBITDA	\$802	-1.6%
Adjusted EBITDA Margin Rate ²	7.9%	10 bps
Diluted EPS	\$0.75	+56.3%
Adjusted Diluted EPS	\$0.80	-2.4%

Additional Information

FY24 Guidance

The company is providing the following estimates for certain FY24 financial statement items:

	FY24 Guidance (as of 8/21/2024, bold captions indicate a change)	FY24 Guidance (as of 5/21/2024)
Net sales	\$22.1 billion to \$22.4 billion	\$22.3 billion to \$22.9 billion
Comparable O+L+M sales	Down 2.0% to down 0.5% vs FY23	Down 1.0% to up 1.5% vs FY23
Go-Forward Macy's nameplate comparable O+L+M sales	Down 1.5% to flat vs FY23	Flat to up 2.5% vs FY23
Luxury nameplates comparable O+L+M sales	Up 0.5% to up 2.0% vs FY23	Flat to up 2.5% vs FY23
Other revenues	\$670 million to \$685 million <small>(credit card revenues expected to be \$490 million to \$505 million)</small>	\$665 million to \$680 million <small>(credit card revenues expected to be \$490 million to \$505 million)</small>
Gross margin rate¹	39.0% to 39.2%	39.0% to 39.3%
SG&A expense rate²	36.3% to 36.6%	36.3% to 36.4%
Asset sale gains/Monetization proceeds³	\$115 million/\$150 million	\$90 million to \$115 million/\$130 million to \$150 million
Adjusted EBITDA margin²	8.6% to 9.0%	8.7% to 9.0%
Interest expense, net	\$120 million	\$135 million
Adjusted tax rate	24.5%	24.5%
Diluted shares outstanding⁴	283 million	284 million
Adjusted diluted EPS⁴	\$2.55 to \$2.90	\$2.55 to \$2.90
Capital expenditures	\$875 million to \$890 million	\$875 million

NOTE: FY24 guidance reflects a 52-week year. The company's outlook excludes any potential impact from the credit card late fee ruling, which was stayed on May 10, 2024.

¹ % of net sales. ² % of total revenue.

³ Reflects planned closure of approximately 55 locations by the end of the fiscal year, closures expected to take place after Holiday 2024.

⁴ The impact of any potential future share repurchase associated with the company's current share repurchase authorization is excluded.

Additional Information

FY24 Guidance Assumptions

as of 8/21/2024

Housekeeping Items

- The company's FY24 guidance reflects a more discriminating consumer and heightened promotional environment relative to its prior expectations. The company believes the outlook range provided gives the flexibility to address the ongoing uncertainty in the discretionary consumer market.
- FY24 is a 52-week period while FY23 was a 53-week period. The FY24 outlook for all metrics is provided on a 52-week basis, with the exception of comparable sales, which is provided on a 52-week basis for both periods.
- The Macy's nameplate completed its conversion to cost accounting at the beginning of FY24. As a result, gross margin and inventory are not directly comparable to FY23.
- The company renamed owned plus licensed sales comp (O+L) to owned plus licensed plus marketplace (O+L+M). Marketplace has been included within prior O+L results since its introduction, therefore a historical restatement is not needed.
- The company expects digital penetration of net sales to be ~33% in FY24.
- The company expects FY24 depreciation & amortization to be ~\$880 million.

Credit Card Revenue

- FY24 guidance does not include any impact for the credit card late fee ruling (which was stayed on May 10, 2024) in its 2024 outlook or beyond. The company will incorporate the impact when the ruling and timing of implementation are certain.
- FY24 credit card revenue outlook includes an assumption for an increase in net credit losses in 2024 versus 2023.

Asset Sale Gains

- 3Q24 guidance assumes roughly \$30 million of asset sale gains.
- 2Q24 asset sale gains relates to a Macy's Non-Go-Forward location that is expected to close after Holiday 2024.

Cost Savings

- The company achieved the previously disclosed \$200 million of cost savings in FY23. All future savings the company anticipates to achieve are contemplated in its outlook.

Supply Chain

- The company continues to closely monitor supply chain disruptions and potential China tariff regulations. The company has mitigation strategies in place.

A Bold New Chapter Strategy

FY24 is a transition and investment year.

FY24 - FY26 Actions

Close ~150 Underperforming Macy's Locations

Reprioritize investments in remaining ~350 locations¹

Grow Luxury² Store Locations by ~20%

Asset Monetization \$600M to \$750M³

Primarily related to stores & distribution center closures

¹ Go-Forward Macy's locations inclusive of full line, furniture & current small formats.

² Luxury inclusive of Bloomingdale's & Bluemercury nameplates.

³ From FY24 – FY26, expect associated asset sale gains of \$250M to \$365M for Non-Go-Forward stores and distribution centers. Within this, expect asset sale proceeds of \$500M to \$650M and asset sale gains of \$250M to \$350M for Non-Go-Forward stores. Additionally, the company has generated over \$2.4B of real estate monetization proceeds from FY15-FY23.

A Bold New Chapter Targets **2025 & Beyond**

Low-Single-Digit

Annual Comparable O+L+M Sales Growth¹

Mid-Single-Digit

Annual Adjusted EBITDA Dollar Growth

**Below Historic Rate of
Inflation of 2% to 3%**

Annual SG&A Dollar Growth

Below FY24 Levels

Annual Capital Expenditures

**Return to
Pre-Pandemic Levels**

Annual Free Cash Flow

NOTE: The company's outlook excludes any potential impact from the credit card late fee ruling, which was stayed on May 10, 2024.

¹ Inclusive of remaining Non-Go-Forward locations that will not have closed.



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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-plus-marketplace basis, which includes adjusting for the impact of comparable sales of departments licensed to third parties and marketplace sales, assists in evaluating the company's ability to generate sales growth, whether through owned businesses, departments licensed to third parties or marketplace sales, 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.

The company does not provide reconciliations of the forward-looking non-GAAP measures of comparable owned-plus-licensed-plus-marketplace sales change and adjusted diluted earnings per share 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 and marketplace sales 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

	13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023	
	Macy's, Inc.	Macy's
Decrease in comparable sales on an owned basis (Note 1)	(4.0%)	(4.5%)
Impact of departments licensed to third parties and marketplace sales (Note 2)	0.7%	0.9%
Decrease in comparable sales on an owned-plus-licensed-plus-marketplace basis	(3.3%)	(3.6%)

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation for one full fiscal year for the 13 and 26 weeks ended August 3, 2024 and July 29, 2023. Such calculation includes all digital sales and excludes commissions from departments licensed to third parties and marketplace. 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, including marketplace sales, in the calculation of comparable sales. Macy's and Bloomingdale's license third parties to operate certain departments in its stores and online and receive commissions from these third parties based on a percentage of their net sales, while Bluemercury does not participate in licensed or marketplace businesses. In its financial statements prepared in conformity with GAAP, the company includes these commissions (rather than sales of the departments licensed to third parties and marketplace) in its net sales. The company does not, however, include any amounts in respect of licensed department or marketplace 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 and from the digital marketplace are not material to its net sales for the periods presented.

Changes in Comparable Sales

13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023				
	Macy's, Inc. Go-Forward business	Macy's Go-Forward business	Bloomingdale's*	Bluemercury
Increase (decrease) in comparable sales on an owned basis (Note 1)	(3.8)%	(4.3)%	(1.1%)	2.0%
Impact of departments licensed to third parties and marketplace sales (Note 2)	0.8%	1.0%	(0.3%)	—%
Increase (decrease) in comparable sales on an owned-plus-licensed-plus-marketplace basis	(3.0)%	(3.3)%	(1.4)%	2.0 %

*Excludes one Non-Go-Forward location.

13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023				
	Macy's First 50 locations	Macy's Non-First 50 Go-Forward locations	Macy's Go-Forward locations	Macy's Non-Go-Forward locations
Increase (decrease) in comparable sales on an owned basis (Notes 1 and 3)	0.8%	(3.8%)	(2.4%)	(6.5%)
Impact of departments licensed to third parties (Notes 2 and 3)	0.2%	0.1%	0.1%	—%
Increase (decrease) in comparable sales on an owned-plus-licensed basis	1.0 %	(3.7)%	(2.3)%	(6.5)%

Changes in Comparable Sales

26 weeks ended August 3, 2024 versus 26 weeks ended July 29, 2023

Macy's, Inc.

Decrease in comparable sales on an owned basis (Note 1)	(2.6)%
Impact of departments licensed to third parties and marketplace sales (Note 2)	0.8%
Decrease in comparable sales on an owned-plus-licensed-plus-marketplace basis	(1.8)%

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

<i>Millions, except percentages</i>	13 weeks ended August 3, 2024	13 weeks ended July 29, 2023
Most comparable GAAP measure:		
Total revenue	\$5,096	\$5,280
Net income (loss)	\$150	\$(22)
Net income (loss) as a percent to total revenue	2.9%	(0.4)%
Non-GAAP measure:		
Net income (loss)	\$150	\$(22)
Interest expense, net	31	36
Federal, state and local income tax expense (benefit)	45	(8)
Earnings before interest and taxes (EBIT)	\$226	\$6
Depreciation and amortization	213	215
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$439	\$221
Impairment, restructuring and other (benefits) costs	(1)	4
Settlement charges	—	122
Adjusted EBIT	\$225	\$132
Adjusted EBIT as a percent to total revenue	4.4%	2.5%
Adjusted EBITDA	\$438	\$347
Adjusted EBITDA as a percent to total revenue	8.6%	6.6%

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

<i>Millions, except percentages</i>	26 weeks ended August 3, 2024	26 weeks ended July 29, 2023
Most comparable GAAP measure:		
Total revenue	\$10,096	\$10,453
Net income	\$212	\$133
Net income as a percent to total revenue	2.1%	1.3%
Non-GAAP measure:		
Net income	\$212	\$133
Interest expense, net	62	73
Federal, state and local income tax expense	80	48
Earnings before interest and taxes	\$354	\$254
Depreciation and amortization	429	433
Earnings before interest, taxes, depreciation and amortization	\$783	\$687
Impairment, restructuring and other costs	19	6
Settlement charges	—	122
Adjusted EBIT	\$373	\$382
Adjusted EBIT as a percent to total revenue	3.7%	3.7%
Adjusted EBITDA	\$802	\$815
Adjusted EBITDA as a percent to total revenue	7.9%	7.8%

Net Income and Diluted Earnings Per Share, Excluding Certain Items

<i>Millions, except per share figures</i>	13 weeks ended August 3, 2024		13 weeks ended July 29, 2023	
	Net Income	Diluted Earnings Per Share	Net Income (Loss)	Diluted Earnings (Loss) Per Share
As reported	\$150	\$0.53	\$(22)	\$(0.08)
Impairment, restructuring and other (benefits) costs	(1)	—	4	0.01
Settlement charges	—	—	122	0.44
Income tax impact of certain items identified above	0	0.00	(33)	(0.11)
As adjusted to exclude certain items above	\$149	\$0.53	\$71	\$0.26

<i>Millions, except per share figures</i>	26 weeks ended August 3, 2024		26 weeks ended July 29, 2023	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
As reported	\$212	\$0.75	\$133	\$0.48
Impairment, restructuring and other costs	19	0.07	6	0.01
Settlement charges	—	—	122	0.44
Income tax impact of certain items identified above	(5)	(0.02)	(33)	(0.11)
As adjusted to exclude certain items above	\$226	\$0.80	\$228	\$0.82

Free Cash Flow

<i>Millions</i>	26 weeks ended August 3, 2024
Net cash provided by operating activities	\$137
Purchase of property and equipment	(271)
Capitalized software	(161)
Disposition of property and equipment	51
Free Cash Flow	<u>\$(244)</u>