MACY'S, INC.

Return on Invested Capital (ROIC) (Unaudited)

(All amounts in millions except percentages)

Management believes that ROIC is a useful supplemental measure in evaluating how efficiently the Company employs its capital. The Company defines ROIC as adjusted EBITDA, excluding net benefit plan income and lease expense, as a percent to average invested capital. Average invested capital is comprised of an annual two-point (i.e., end of the year presented and the immediately preceding year) average of gross property and equipment, total lease right of use ("ROU") assets, excluding variable rent which is still multiplied by a factor of eight, and a four-point (i.e., end of each quarter within the period presented) average of other selected assets and liabilities, which are adjusted to exclude certain items related to the exclusions in Adjusted EBITDA. The calculation of the capitalized value of non-capitalized leases is consistent with industry and credit rating agency practice and the specified assets are subject to a four-point average to compensate for seasonal fluctuations.

	2025	2024
	(millions, except percentages)	
Net income	$ 642	$ 582
Property and equipment - net	$ 4,743	$ 5,070
Net income as a percent to property and equipment - net	13.5 %	11.5 %
Net income	$ 642	$ 582
Add back interest expense, net	97	115
Add back losses on early retirement of debt	33	1
Add back federal, state and local tax expense	207	181
Add back impairment, restructuring and other costs	230	171
Deduct interchange fee settlement, net	(328)	—
Add back pension settlement charges	67	46
Add back depreciation and amortization	894	881
Deduct net benefit plan income	(16)	(16)
Add back rent expense		
Real estate	333	350
Personal property	5	5
Adjusted EBITDA, excluding benefit plan income, net and lease expense	$ 2,164	$ 2,316
Property and equipment - net	$ 4,906	$ 5,189
Add back accumulated depreciation and amortization	4,216	4,227
Add back capitalized value of variable rent	119	108
Add back lease right of use assets	1,873	1,954
Add (deduct) other selected assets and liabilities:		
Receivables	235	263
Merchandise inventories	4,929	4,947
Prepaid expenses and other current assets	384	372
Other assets	848	812
Merchandise accounts payable	(2,298)	(2,364)
Accounts payable and accrued liabilities	(1,977)	(1,925)
Other long-term liabilities	(295)	(291)
Total average invested capital	$ 12,940	$ 13,292
ROIC	16.7 %	17.4 %