MACY'S, INC.

Credit Ratios and Other Financial Information (Unaudited)

(All amounts in millions except ratios)

The Company considers the leverage ratio a key credit ratio to measure our liquidity and the strength of our balance sheet. In order to assess the degree of leverage, we look at debt relative to earnings before interest, taxes, depreciation and amortization (EBITDA). We adjust debt and EBITDA to take into account the impact of operating leases, retirement obligations and certain non-recurring items. This methodology is similar to those used by credit rating agencies to assess a company's capital structure.

The credit ratio is a non-GAAP financial measure. 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. These 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 these 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 financial condition and performance. In particular, these financial measures have material limitations because they exclude cash and non-cash expenses that are necessary to operate the Company's business or that may be otherwise incurred or experienced in connection with the operation of its business. 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.

The values of short-term debt, long-term debt, and lease liabilities are from the balance sheet for the identified date and the value of the funded status of postemployment and postretirement benefits is based on the year-end funded status of the relevant retirement plans and benefit obligations.

The following financial information, including non-GAAP financial measures, should be read in conjunction with the audited financial statements, including the related notes, and other financial information contained in the company's Securities and Exchange Commission filings.

Ratio Summary

	Long-term Target	52 Weeks Ended January 31, 2026
Leverage ratio	≤ 2.5	2.4

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Adjusted EBITDAR

As computed below, Adjusted EBITDAR represents earnings before interest, taxes and depreciation and amortization, adjusted to exclude the effects of impairment, restructuring and other costs, interchange fee settlement, net, pension settlement charges, gross rent expense, and the net periodic benefit plan income of the Company's postemployment and postretirement benefit obligations. This methodology is similar to those used by credit rating agencies to assess a company's capital structure. Management believes that Adjusted EBITDAR is a useful measure in evaluating the Company's ability to generate cash flow from its operations.

	52 Weeks Ended January 31, 2026
Net income	$ 642
Interest expense, net	97
Losses on early retirement of debt	33
Federal, state and local income tax expense	207
Depreciation and amortization	894
Impairment, restructuring and other costs	230
Interchange fee settlement, net	(328)
Pension settlement charges	67
Gross rent expense (Note 1)	338
Net periodic benefit plan income of the postemployment and postretirement benefit obligations (Note 2)	(16)
Adjusted EBITDAR	$ 2,164

Notes:

(1) The add back of gross rent expense in calculating Adjusted EBITDAR treats the Company's periodic rent expense under the relevant lease agreements in a manner consistent with the company’s owned properties.

	52 Weeks Ended January 31, 2026
Real Estate	$ 333
Personal Property	5
	$ 338

(2) Net periodic benefit plan income of the Company's postemployment and postretirement benefit obligations relate primarily to investing and financing activities and are excluded from Adjusted EBITDAR. Net periodic benefit income includes the expected return on benefit plan assets, net of interest costs, amortization of net actuarial gains and losses and the amortization of prior service costs or credits.

	52 Weeks Ended January 31, 2026
Net periodic benefit (income) costs:	
Pension plan	$ (39)
Supplementary retirement plan	27
Postretirement benefit obligations	(4)
	$ (16)

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Leverage Ratio

The leverage ratio, as computed below, is defined as Adjusted debt divided by Adjusted EBITDAR. As computed below, Adjusted debt represents the Company's short-term and long-term debt, adjusted to include certain items as identified below. As computed above, Adjusted EBITDAR represents earnings before interest, taxes and depreciation and amortization, adjusted to exclude the effects of restructuring, impairment, and other costs (benefits), settlement charges, gross rent expense, and the net periodic benefit income of the Company's postemployment and postretirement benefit obligations. These methodologies are similar to those used by credit rating agencies to assess a company's capital structure. Management believes that the leverage ratio is a useful measure in evaluating the Company's ability to cover its debt-like obligations.

	52 Weeks Ended January 31, 2026
Most comparable GAAP Ratio:	
Short-term debt	$ —
Long-term debt	2,432
Total debt	$ 2,432
Net income	$ 642
Debt to net income ratio	3.8
Non-GAAP Ratio:	
Short-term debt	$ —
Long-term debt	2,432
Funded status of postemployment and postretirement benefits (Note 3)	—
Total lease liabilities	2,743
Adjusted debt	$ 5,175
Adjusted EBITDAR	$ 2,164
Adjusted debt to Adjusted EBITDAR leverage ratio	2.4

Note:

(3) Given the limitations on the use of the Company's plan assets beyond funding of the Company's postemployment and postretirement obligations, the over funded status (the amount by which the fair value of the plan assets exceeds the projected benefit obligation), is not included in (i.e., benefiting) Adjusted debt. For the 52 weeks ended January 31, 2026 the assumed tax benefit of 25.7% represents the tax deductibility of contributions which impact the funded status of the plans.

	52 Weeks Ended January 31, 2026
Overfunded status:	
Pension plan	$ (549)
Supplementary retirement plan	415
Postretirement benefit obligations	61
Income tax effect of net overfunded status of the pension and supplementary retirement plans and postretirement benefit obligations	19
	$ (54)