



**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 sales<sup>1</sup> growth**



<sup>1</sup> 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 rate<sup>1</sup>, +240 bps vs 2Q23

**38.7%**

SG&A expense rate<sup>2</sup>, +120 bps vs 2Q23

**\$0.53**

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

<sup>1</sup> % of net sales. <sup>2</sup> % of total revenue.





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# 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.

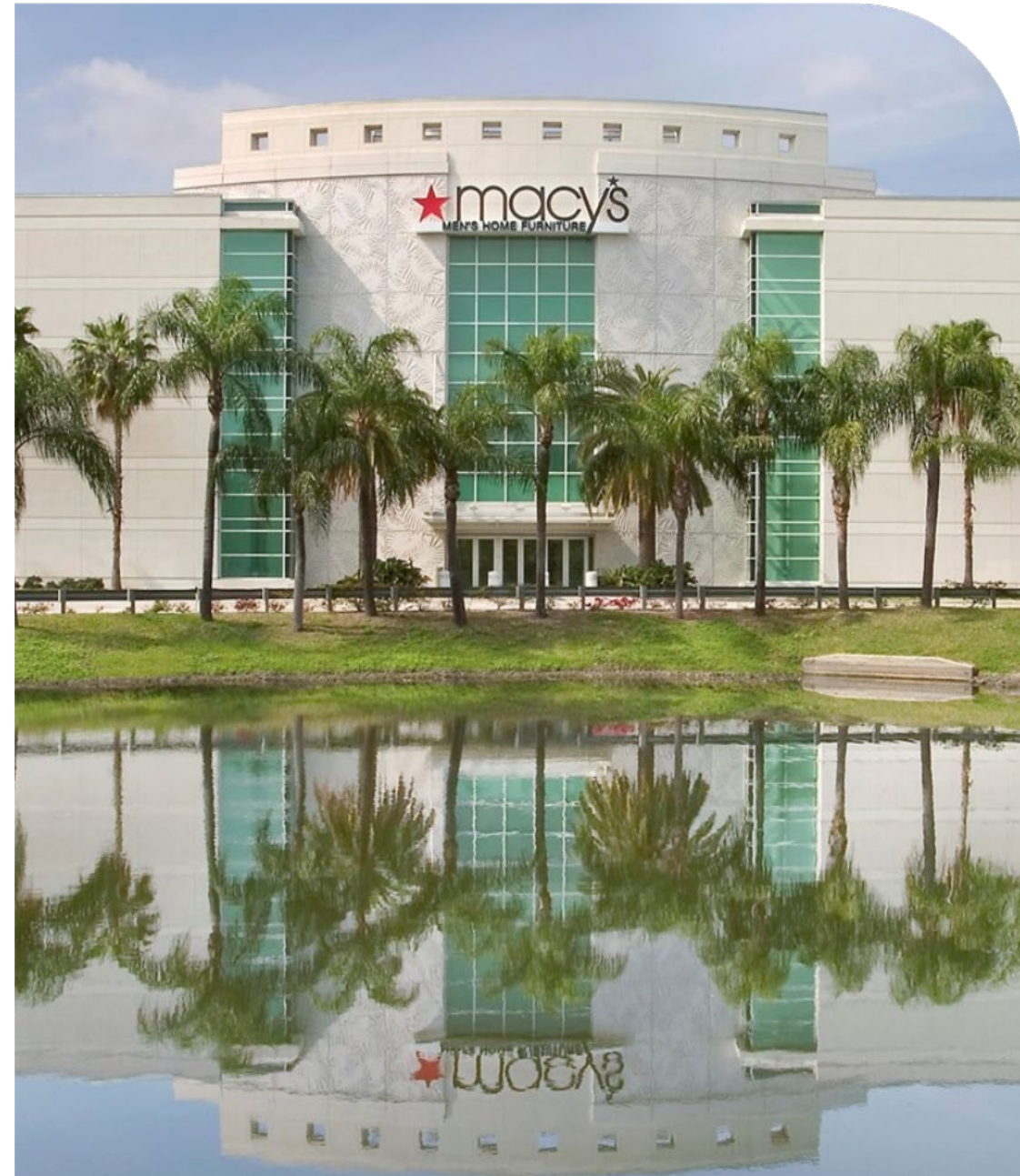
## Planned Macy's Store Closures

**~55**

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

**~150**

Total locations expected to close through FY26





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# Strengthen

Macy's Nameplate



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# Accelerate

Luxury Growth

# Bloomingdale's

## Highlights

**-0.2%**

Net sales vs. 2Q23

**-1.4%**

Comparable O+L+M sales<sup>1</sup>  
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.

<sup>1</sup>Excludes one Non-Go-Forward location.



# Bluemercury

## Highlights

**+1.7%**

Net sales vs. 2Q23

**+2.0%**

Comparable owned sales  
vs. 2Q23



- 14<sup>th</sup> 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 25<sup>th</sup> anniversary beginning in September 2024.



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# Accelerate

Luxury Growth



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# Simplify & Modernize

## End-to-End Operations



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





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# 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. business<sup>1</sup>  
comparable O+L+M sales vs  
2Q23

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

<sup>1</sup> Go-Forward Macy's business includes all Macy's Go-Forward Locations and Digital.

<sup>2</sup> 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 Sales<sup>1</sup> **-1.4%**

## BLUEMERCURY

Net Sales **+1.7%**

Comparable Owned Sales **+2.0%**

<sup>1</sup>Excludes 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

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

NOTE: In millions, except per share figures & percentages.  
<sup>1</sup> % of net sales. <sup>2</sup> % 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-Forward<sup>1</sup>  
Comparable O+L+M Sales

**+0.5% to +2.0%**  
**vs FY23**

Luxury Nameplates<sup>2</sup>  
Comparable O+L+M Sales

**\$670M to \$685M**

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

Other Revenue

**39.0% to 39.2%**

Gross Margin  
Rate<sup>3</sup>

**8.6% to 9.0%**

Adjusted  
EBITDA Rate<sup>4</sup>

**\$2.55 to \$2.90**

Adjusted  
Diluted EPS<sup>5</sup>

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.

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

<sup>5</sup>The 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 Rate<sup>1</sup>

**-\$0.04 to \$0.01**

Adjusted Diluted EPS<sup>2</sup>

**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.

<sup>1</sup> % of net sales.

<sup>2</sup> 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

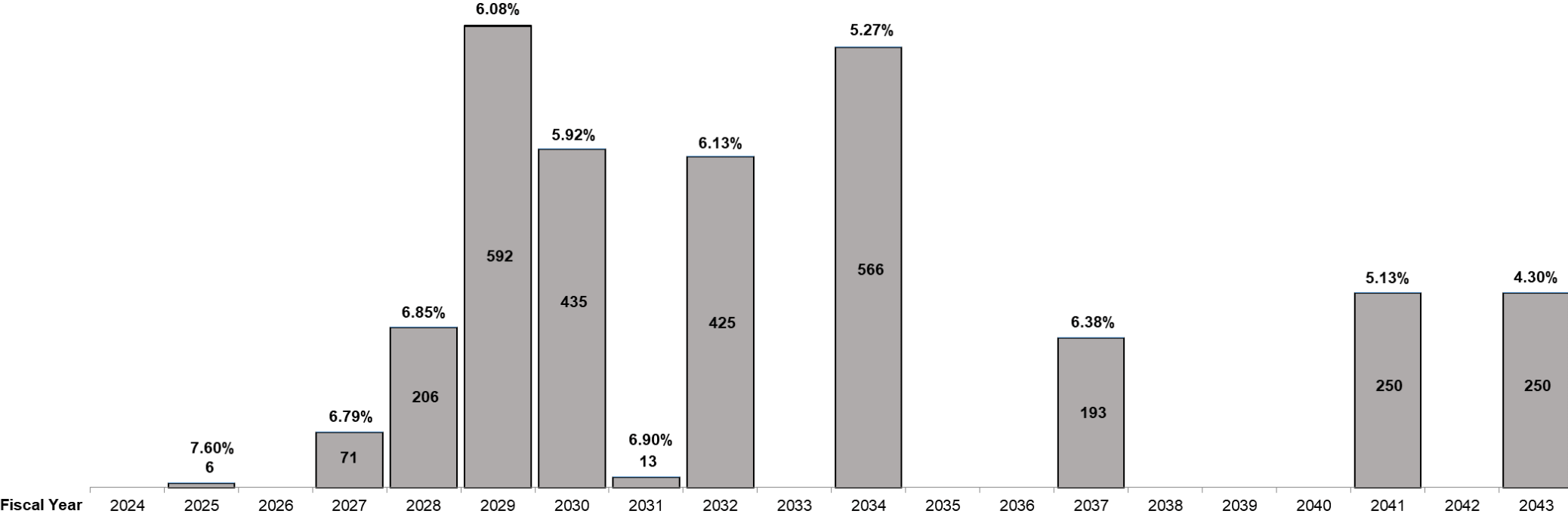
	End of 2Q24	Change In Locations from FY23
	Locations	
Macy's Department Stores	435	—
Macy's Small Format	18	+6
Macy's Furniture	43	-2
Macy's Furniture Clearance	1	—
Freestanding Backstage	9	—
<b>Total Macy's</b>	<b>506</b>	<b>+4</b>
Bloomingdale's Department Stores	32	—
Bloomies	3	—
Bloomingdale's Furniture/Other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



Additional Information

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

(\$M)



# 2Q24 Additional Nameplate Highlights

	Actuals	Change
		vs 2Q23
<b>Macy's Digital<sup>1</sup></b>		
Digital visits	450M	+0.7%
Conversion rate	3.6%	-30 bps
<b>Luxury Nameplates Digital</b>		
Digital visits	70M	+3.1%
Conversion rate	2.5%	+5 bps

## 2Q24 Additional Nameplate Highlights, cont.

### Performance

vs 2Q23

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#### Backstage

Comparable owned sales versus Macy's full-line

+470 bps

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#### Bloomingdale's the Outlet

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

+170 bps

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# FY23 Nameplate Customer<sup>1</sup> 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 <sup>2</sup>	1.0M
Loyalty program members % of Bluemercury sales	85%

## Additional Information

# 2Q24 Financial Highlights & Commentary

	Actuals	Change	Commentary
		vs 2Q23	
<b>Net Sales</b>	\$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%	
<b>Other Revenue</b>	\$159	+6.0%	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.
Credit card revenues, net	\$125	+4.2%	
Macy's Media Network revenues, net	\$34	+13.3%	
<b>Gross Margin<sup>1</sup></b>	\$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 <sup>2</sup>	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.
<b>SG&amp;A Expense</b>	\$1,973	-0.4%	SG&A expense dollars benefited from the company's appropriate cost controls while it protected customer-facing investments, particularly in First 50 locations.
SG&A Expense Rate <sup>3</sup>	38.7%	+120 bps	

## Additional Information

# 2Q24 Financial Highlights & Commentary

	Actuals	Change	Commentary
		vs 2Q23	
<b>EBIT</b>	\$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.
<b>Adjusted EBIT</b>	\$225	+70.5%	
Adjusted EBIT Margin <sup>1</sup>	4.4%	+190 bps	
<b>EBITDA</b>	\$439	+98.6%	
<b>Adjusted EBITDA</b>	\$438	+26.2%	
Adjusted EBITDA Margin <sup>1</sup>	8.6%	+200 bps	
<b>Diluted EPS</b>	\$0.53	+762.5%	
<b>Adjusted Diluted EPS</b>	\$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.
<b>Inventory<sup>2</sup></b>	\$4,378	+6.0%	
<b>Inventory Turnover<sup>3</sup></b>		-6.9%	

In millions, except per share figures and percentages.

<sup>1</sup> % of total revenue. <sup>2</sup> Gross margin and merchandise inventories are not directly comparable to the prior year given the recent conversion to cost accounting. <sup>3</sup> 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
<b>Net Sales</b>	\$9,783	-3.3%
Comparable owned sales		-2.6%
Comparable O+L+M sales		-1.8%
<b>Other Revenue</b>	\$313	-8.2%
Credit card revenues, net	\$242	-14.2%
Macy's Media Network revenues, net	\$71	+20.3%
<b>Gross Margin</b>	\$3,899	-1.2%
Gross Margin Rate <sup>1</sup>	39.9%	+90 bps
<b>SG&amp;A Expense</b>	\$3,884	-1.2%
SG&A Expense Rate <sup>2</sup>	38.5%	+90 bps

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

In millions, except per share figures and percentages.

<sup>1</sup> % of net sales. <sup>2</sup> % of total revenue.

## 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)
<b>Net sales</b>	<b>\$22.1 billion to \$22.4 billion</b>	\$22.3 billion to \$22.9 billion
<b>Comparable O+L+M sales</b>	<b>Down 2.0% to down 0.5% vs FY23</b>	Down 1.0% to up 1.5% vs FY23
<b>Go-Forward Macy's nameplate comparable O+L+M sales</b>	<b>Down 1.5% to flat vs FY23</b>	Flat to up 2.5% vs FY23
<b>Luxury nameplates comparable O+L+M sales</b>	<b>Up 0.5% to up 2.0% vs FY23</b>	Flat to up 2.5% vs FY23
<b>Other revenues</b>	<b>\$670 million to \$685 million</b> <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>
<b>Gross margin rate<sup>1</sup></b>	<b>39.0% to 39.2%</b>	39.0% to 39.3%
<b>SG&amp;A expense rate<sup>2</sup></b>	<b>36.3% to 36.6%</b>	36.3% to 36.4%
<b>Asset sale gains/Monetization proceeds<sup>3</sup></b>	<b>\$115 million/\$150 million</b>	\$90 million to \$115 million/\$130 million to \$150 million
<b>Adjusted EBITDA margin<sup>2</sup></b>	<b>8.6% to 9.0%</b>	8.7% to 9.0%
<b>Interest expense, net</b>	<b>\$120 million</b>	\$135 million
<b>Adjusted tax rate</b>	24.5%	24.5%
<b>Diluted shares outstanding<sup>4</sup></b>	<b>283 million</b>	284 million
<b>Adjusted diluted EPS<sup>4</sup></b>	<b>\$2.55 to \$2.90</b>	\$2.55 to \$2.90
<b>Capital expenditures</b>	<b>\$875 million to \$890 million</b>	\$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.

<sup>1</sup> % of net sales. <sup>2</sup> % of total revenue.

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

<sup>4</sup> 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 estimates that roughly one-third of the 2Q24 gross margin rate increase and approximately half of the inventory increase was attributable to the shift to cost accounting. The estimated impact for the full-year variances versus last year on both is immaterial.
- 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 locations<sup>1</sup>

**Grow Luxury<sup>2</sup> Store Locations by ~20%**

**Asset Monetization \$600M to \$750M<sup>3</sup>**

Primarily related to stores & distribution center closures

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

<sup>2</sup> Luxury inclusive of Bloomingdale's & Bluemercury nameplates.

<sup>3</sup> 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 Growth<sup>1</sup>

## **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.

<sup>1</sup> 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

	<b>13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023</b>	
	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

<b>13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023</b>				
	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.

<b>13 weeks ended August 3, 2024 versus 13 weeks ended July 29, 2023</b>				
	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>	<b>13 weeks ended August 3, 2024</b>	<b>13 weeks ended July 29, 2023</b>
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>	<b>26 weeks ended August 3, 2024</b>	<b>26 weeks ended July 29, 2023</b>
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>	<b>13 weeks ended August 3, 2024</b>		<b>13 weeks ended July 29, 2023</b>	
	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>	<b>26 weeks ended August 3, 2024</b>		<b>26 weeks ended July 29, 2023</b>	
	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>	<b>26 weeks ended August 3, 2024</b>
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>