Fourth Quarter 2021 Earnings

macy's inc

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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 the effects of the novel coronavirus (COVID-19) on Macy's customer demand and supply chain, as well as its consolidated results of operation, financial position and cash flows, 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, the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill, 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, the amount and timing of future dividends and share repurchases 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 30, 2021 and the Company's Quarterly Report on Form 10-Q for the quarter ended October 30, 2021. 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.

Fourth Quarter and Full-Year Results

Fourth Quarter Snapshot

millions, except per share figures and percentages	4Q21	4Q20	4Q19
Net Sales	$8,665	$6,780	$8,337
Comp sales - owned	28.3%	(17.0)%	(0.6)%
Comp sales - owned + licensed	27.8%	(17.1)%	(0.5)%
Credit card revenues, net	$264	$258	$239
Gross margin ***Gross margin rate***	$3,159 *36.5%*	$2,282 *33.7%*	$3,071 *36.8%*
Selling, general & administrative expense (SG&A) ***SG&A rate***	$2,429 *28.0%*	$2,045 *30.2%*	$2,509 *30.1%*
Asset sale gains	$30	$40	$95
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$1,232	$636	$777
Adjusted EBITDA	$1,247	$789	$1,160
Diluted earnings per share (EPS)	$2.44	$0.50	$1.09
Adjusted Diluted EPS	$2.45	$0.80	$2.12

Fiscal Year Snapshot

millions, except per share figures and percentages	FY21	FY20	FY19
Net Sales	$24,460	$17,346	$24,560
Comp sales - owned	43.0%	(27.9)%	(0.8%)
Comp sales - owned + licensed	42.9%	(27.9)%	(0.7%)
Credit card revenues, net	$832	$751	$771
Gross margin	$9,504	$5,060	$9,389
Gross margin rate	*38.9%*	*29.2%*	*38.2%*
SG&A	$8,047	$6,767	$8,998
SG&A rate	*32.9%*	*39.0%*	*36.6%*
Asset sale gains	$91	$60	$162
EBITDA	$3,194	$(3,546)	$1,924
Adjusted EBITDA	$3,320	$117	$2,336
Diluted EPS	$4.55	$(12.68)	$1.81
Adjusted Diluted EPS	$5.31	$(2.21)	$2.91

Fourth Quarter Highlights

- Adjusted diluted earnings per share of $2.45 exceeded expectations; diluted earnings per share of $2.44
- Comparable sales up 28.3% on an owned basis and up 27.8% on an owned plus licensed basis versus 4Q20
    - Comparable sales up 6.6% on an owned basis and up 6.1% on an owned plus licensed basis versus 4Q19
- Digital sales grew 12% versus 4Q20 and 36% versus 4Q19
    - Digital penetration was 39% of net sales, a 5-ppt decline from 4Q20, but a 9-ppt improvement over 4Q19
- Gross margin for the quarter was 36.5% up from 33.7% in 4Q20 and down 30 bps from 4Q19
    - Merchandise margin improved 160 basis points from 4Q19, largely due to benefits from leaner, more productive inventories, lower markdowns and pricing initiatives, which helped drive higher full price sell throughs and AURs
    - Delivery expense as a percent of net sales increased 190 basis points from 4Q19, due to increased digital penetration and addition of holiday delivery expense surcharges
- Inventory turnover for the trailing 12 months improved 21% over FY20 and 22% over FY19
    - Inventory was up 16% from 2020 and down 16% versus FY19
    - Inventory productivity driven by further evolving and scaling our data science while maintaining disciplined buying behavior
- SG&A expense of $2.4 billion, a $384 million increase from 4Q20 and a $80 million decline from 4Q19
    - SG&A as a percent of sales was 28.0%, an improvement of 220 basis points from 4Q20 and 210 bps from 4Q19

Fourth Quarter Financial Highlights

(Comparison to 4Q19 included below to more appropriately benchmark our performance)

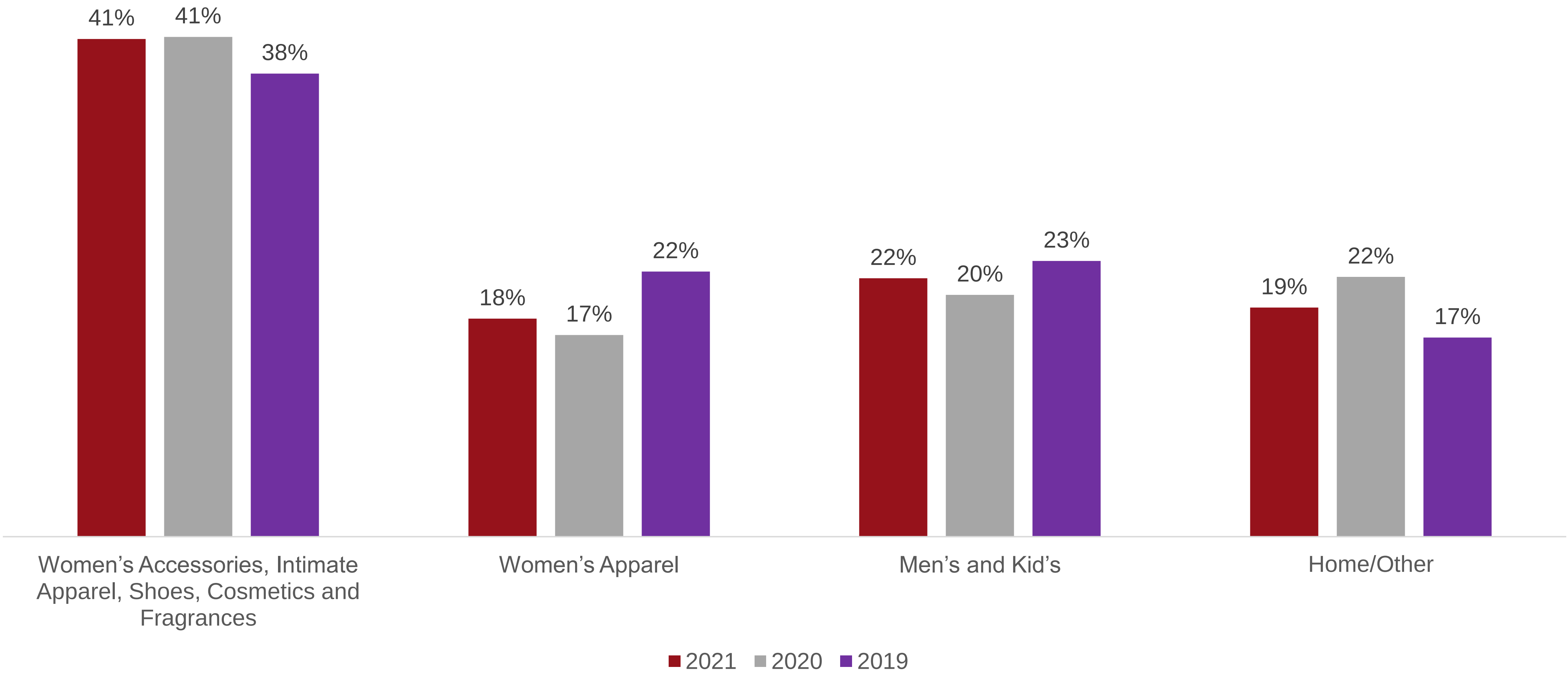
millions, except per share figures and percentages	4Q21	Notes
Credit Revenue	$264	• Better than expected bad debt levels continued to benefit credit card revenues during the quarter
Change to 4Q19	+$25	
Gross Margin	$3,159	• Merchandise margin improved 160 bps driven by leaner inventory levels, more efficient inventory productivity and lower markdowns compared to 2019. Pricing initiatives continued to contribute to higher full price sell throughs and higher full price AURs and included a benefit of approximately $240 million due to POS pricing work and location level pricing. For the Macy's brand versus 2019, full price sell through improved 660 basis points and full price AURs increased 10%. • Delivery expense was 5.9% of net sales, 190 bps higher than 2019. This increase was largely driven by increased digital penetration and an 85 bps impact from the holiday surcharge.
Change to 4Q19	+$88	
Gross Margin Rate	36.5%	
Change to 4Q19	-30 bps	
SG&A Expense	$2,429	• Reflects strong expense leverage in conjunction with growing sales, the impact of the permanent Polaris cost savings, and the revenue generated from Macy's Media Network, partially offset by increased labor costs
Change to 4Q19	-$80	
SG&A Rate	28.0%	
Change to 4Q19	-210 bps	
Adjusted EBITDA margin	14.4%	• Driven by strong performance in key value creation metrics: sales, gross margin, inventory productivity, and expense management
Change to 4Q19	+50 bps	
Adjusted Diluted EPS	$2.45	
Change to 4Q19	+$0.33	

Macy's, Inc. is a Transformed Organization

More agile, more profitable and more relevant to customers

FY2019	FY2021
Digital team worked as a siloed organization	Scaled platform and fully integrated team, operating the nation's #2 website in our categories with 39% digital penetration, an increase of 9 ppt versus 4Q19
Store strategy was largely focused on the highest quality A and B malls while accelerating the closure of stores in C and D malls	Delayed closures to maintain physical presence in markets while scaling off-mall format stores. Stores act as fulfillment hubs and support digital through BOPS, curbside pickup, and same-day delivery
Over-indexed on occasion-based apparel, had less disciplined buying behavior and approach to promotions was overly complicated, which all drove high levels of markdowns and low inventory productivity	Balanced, curated merchandise assortment reflects disciplined purchasing behavior, with new categories, products and brands that inspire customers' style with simple and clear pricing
Spread between customer acquisition levels and customer attrition levels was narrow	Accelerated rate of customer acquisition that far outweighs attrition. Full year 2021 new customers increased 26% over 2019 to 19.4 million. 44 million active customers in full-year 2021, exceeding 2019 by 1%.
Created a new, integrated team to reimagine the supply chain that previously separated out store and digital inventories and relied on a distribution network that lacked efficiency	Modern supply chain network is more agile, data driven and increasingly automated. Increased speed of delivery as well as efficiencies in both operations and inventory utilization
Invested in advanced technology and data science throughout operations, enabling increased productivity and profitability of the entire business	Successfully built a new Enterprise Data and Analytics Organization that embeds data and analytics into all operations

Fiscal Year Family of Business Sales Penetration



Fourth Quarter Credit Card Revenue

Performance Metrics	4Q21
Net Credit Card Revenue	$264M, ↑ $25M from 4Q19
Net Credit Card Revenue Penetration	3.0% of sales, ↑10bps vs 4Q19
Digital new accounts	↑ 35% vs 4Q19
New accounts	777K, ↓16% to 4Q19
Proprietary card penetration rate	40.5%, ↓ 590 bps to 4Q19

- Digital new account growth driven by stronger approval rates, consistent with healthier online credit customer
- Citibank has been a strong partner to Macy's, Inc. for many years. Looking forward to continuing to work together based on the shared commitment to innovation and customer service excellence

Enhancing Shareholder Value

- **Fiscal year 2021 free cash flow of $2.3 billion**
  - Includes receipt in January of the majority of the CARES act tax refund of $582 million *
  - Cash flow from operating activities of **$2.7 billion**, driven by EBITDA growth as well as improved working capital
    - Working capital inflow of **$195 million** in 2021 driven by the CARES Act tax refund, partially offset by inventory levels net of merchandise payables consistent with a more robust holiday season in 2021
    - Capital expenditures of **$597 million** focused largely on technology-based initiatives, including those that support the digital business, data science initiatives and the simplification of the technology architecture

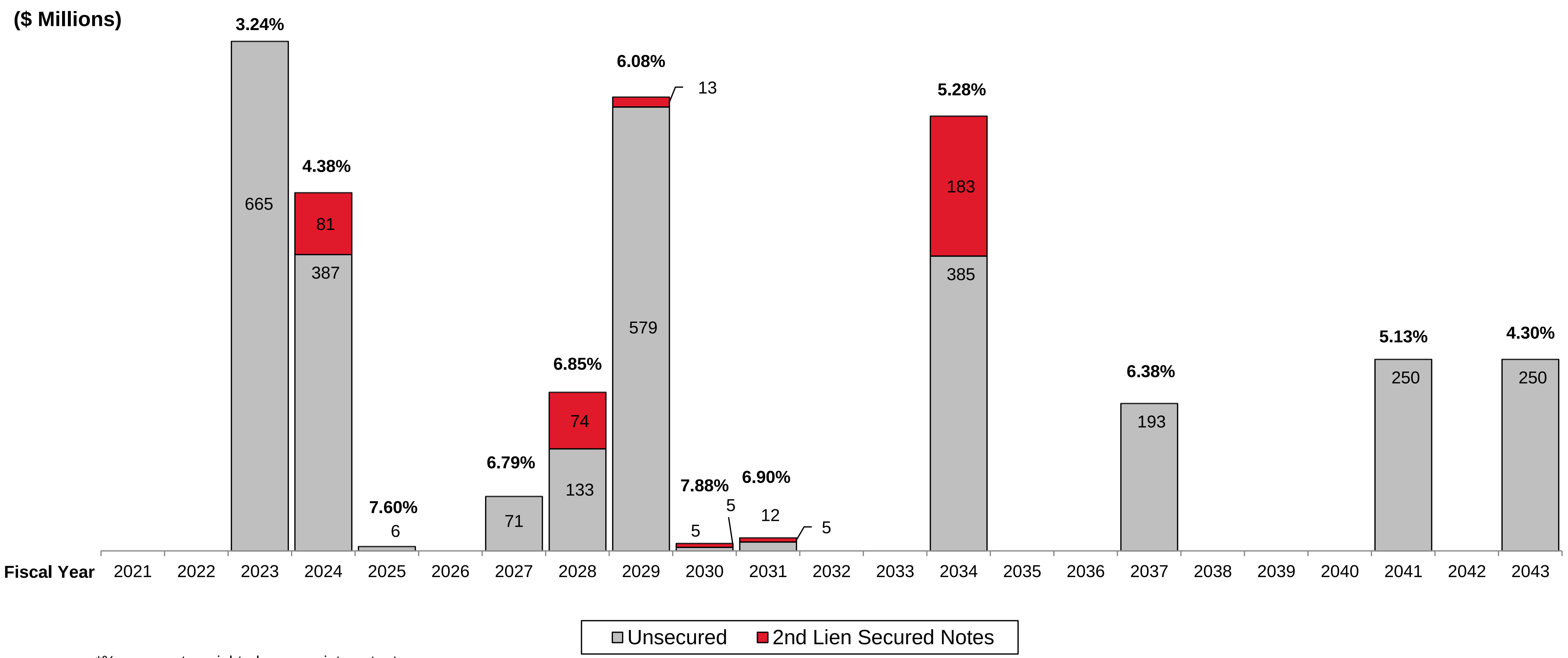
- **Repaid $1.6 billion of debt early in FY2021**
  - Resulted in year-end Adjusted Debt-to-Adjusted EBITDAR leverage ratio of 1.8x, well below initial target of 2.5x and materially better than pre-pandemic levels

- **Returned $90 million to shareholders in dividend payments in FY21**
  - Announced a quarterly dividend of 15.75 cents per share on Macy's, Inc.'s common stock, a 5% increase

- **Share repurchase program**
  - Repurchased a total of 20.5 million shares, or more than 6.5% of total shares outstanding, exhausting our $500 million share buyback authorization
  - Authorized new $2 billion share repurchase program

* As further disclosed in the Company's 2020 Form 10-K, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law, which permitted, among other benefits, the carryback of certain net operating losses. Previously and as a result, the company had estimated an income tax receivable of $590 million and expected receipt in the first half of 2022. This $582 million received during the fourth quarter of 2021 represents the bulk of the expected receipts. The company estimates a remaining $12 million will be received during the first half of 2022.

Remaining Long-term Debt Maturities, as of January 29, 2022



*% represents weighted average interest rate

Capital Allocation Strategy

Capital Structure	• Best-positioned for access to bank and capital market funding under all economic scenarios • Maintain investment grade credit metrics with well-laddered debt maturities • Target Adjusted Debt-to-Adjusted EBITDAR ratio of 2.0x or below
Value-enhancing Investments	• Further strengthen digitally-led capabilities across enterprise • Capital expenditures of approximately $3.0 billion over the next three years
Strategic Investments	• As needed, value creating investments to further accelerate Polaris strategy and drive returns
Capital Returned to Shareholders	*Dividends* • Targeted increase of 2021 quarterly dividend of 15¢ per share by approximately 5% annually *Stock Repurchase* • Absent more attractive investment alternatives, take advantage of share valuation • $2 billion authorization available

Cash Available for Enhancing Shareholder Value 2022 through 2024

Between $3.2 billion and $3.6 billion of Free Cash Flow
+
Incremental debt capacity of up to $900 million

Dividends	Return on Invested Capital	Share Repurchases
Target 5% increase annually	Drive ROIC with value-enhancing projects and strategic investments	Authorization of $2 billion starting in 2022

Note:
Incremental debt capacity takes into account the company's leverage and EBITDA targets and represents debt that could be added to existing maturities to simply maintain leverage targets in 2024.

Brand and Channel Performance

Digitally Led Omnichannel Model

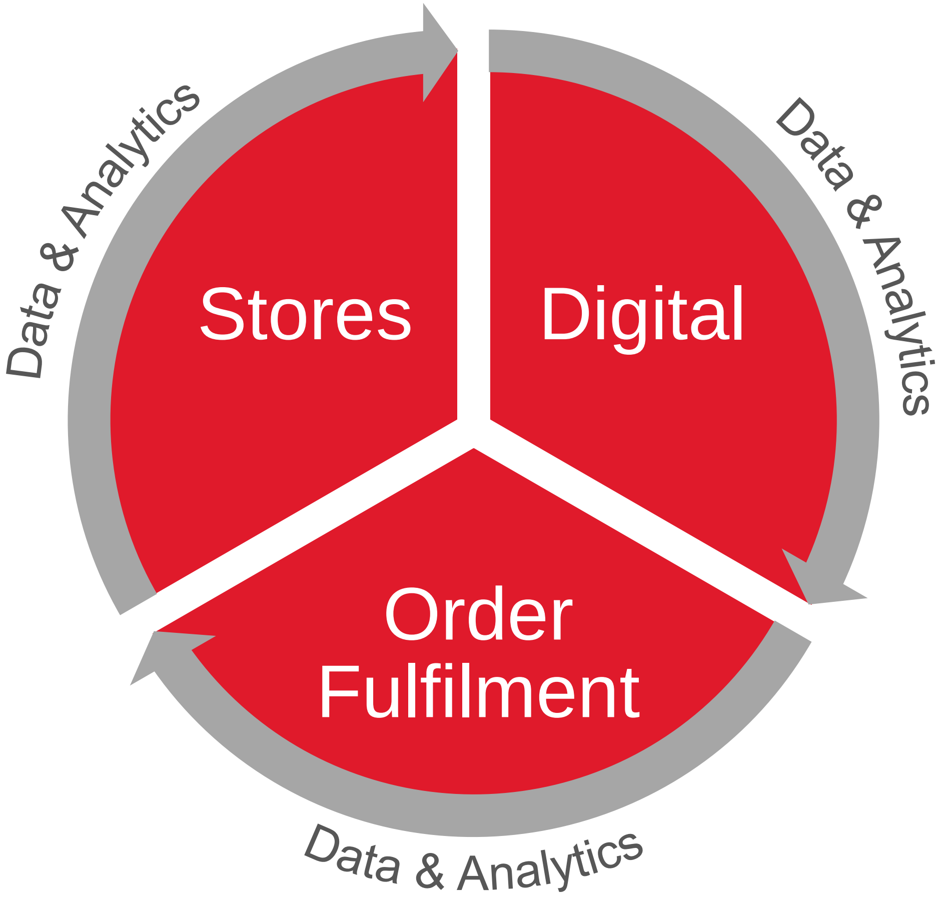
Committed to delivering a dynamic integration of physical stores and digital shopping which is the most effective way to meet the needs of an omnichannel customer

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

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

- Integrated, omnichannel Macy’s, Inc., with multiple nameplates from off-price to luxury, continues to be the most appealing to the company’s diverse and multi-generational customer base

- The Macy’s, Inc. omnichannel customer
    - **Shops frequently:** 3 to 3.5 times more than single channel customers
        - Omni shopped at the same frequency now versus 2019
    - **Spends more:** 2.5 to 3.5x times than single channel customers
        - Omni average spend increased 10% versus 2019
    - **Increasingly Loyal:** 1 to 2x times than single channel customers
        - Omni customer loyalty penetration increased 12 percentage points versus 2019



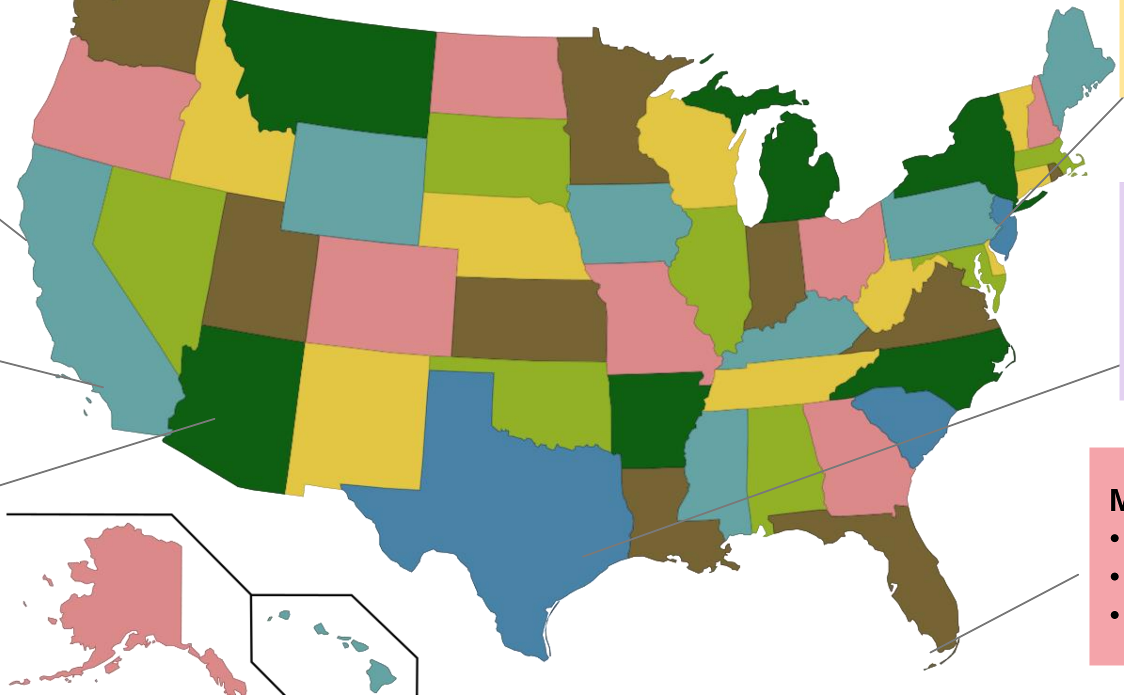
Most Omnichannel Markets are Growing

Increasing importance of interplay between digital and physical assets

San Francisco, CA
- **Omni sales growth:** -11% vs 4Q19
- **Stores (14 locations):** -16% vs 4Q19
- **Digital sales growth:** +5% vs 4Q19

Riverside-San Bernardino, CA
- **Omni sales growth:** +20% vs 4Q19
- **Stores (9 locations):** +14% vs 4Q19
- **Digital sales growth:** +41% vs 4Q19

Phoenix, AZ
- **Omni sales growth:** +12% vs 4Q19
- **Stores (6 locations):** +3% vs 4Q19
- **Digital sales growth:** +31% vs 4Q19



Philadelphia, PA
- **Omni sales growth:** +6% vs 4Q19
- **Stores (13 locations):** -6% vs 4Q19
- **Digital sales growth:** +31% vs 4Q19

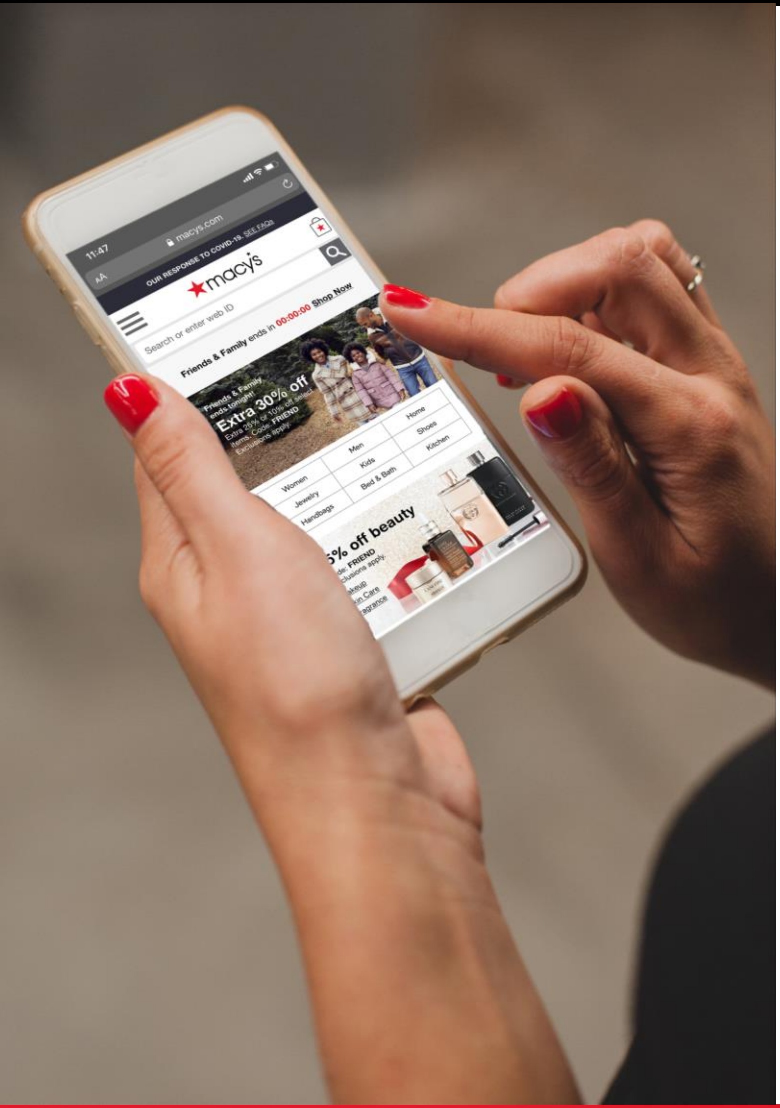
Houston, TX
- **Omni sales growth:** +13% vs 4Q19
- **Stores (10 locations):** +5% vs 4Q19
- **Digital sales growth:** +36% vs 4Q19

Miami- Fort Lauderdale, FL
- **Omni sales growth:** +8% vs 4Q19
- **Stores (20 locations):** +1% vs 4Q19
- **Digital sales growth:** +42% vs 4Q19

- **Across the Macy's nameplate ecosystem, digital sales per capita are 3X higher in markets with stores than in markets without a physical presence**
- **More than 58% of the markets with stores saw omnichannel sales growth over 4Q19, representing ~80% of comp owned plus licensed sales, with over half growing 10% or more**
- **FY2021, 52% of markets had omnichannel sales growth above 2019 levels**

*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.

Digital Channel Performance Metrics



Fourth Quarter 2021	
Sales	Up 36% to 4Q19
Penetration	39% of net sales vs. 30% in 4Q19
Sales from Mobile Devices *	63% of digital demand sales
Number of Visits *	813 million, up 11% to 4Q19
Conversion Rate *	4.47%, up 9% to 4Q19
Vendor Direct % of Digital Sales *	19%
Digital Sales Fulfilled by Stores *	28%

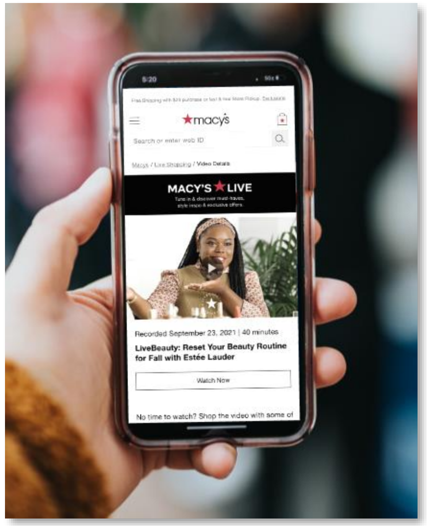
Full-Year 2021	
Sales	Up 39% to FY19
Penetration	35% of net sales vs. 25% in FY19
Sales from Mobile Devices *	62% of digital demand sales
Number of Visits *	2.3 billion, up 15% to FY19
Conversion Rate *	4.24%, up 13% to FY19
Vendor Direct % of Digital Sales *	18%
Digital Sales Fulfilled by Stores *	25%

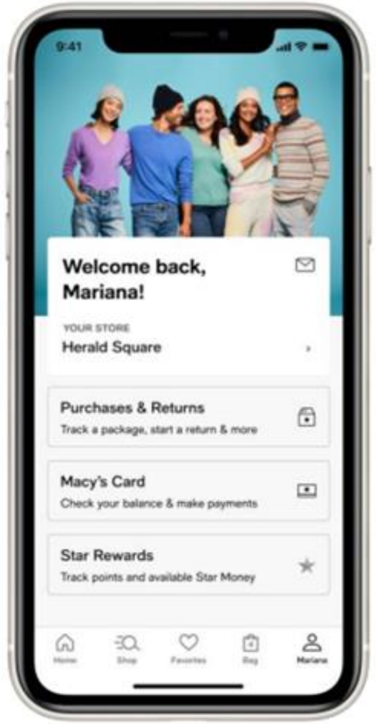
* Figures reflect macys.com only.

Omnichannel Ecosystem Investment Highlights

Digital

- **Mobile App:** redesigned to make it even easier for customers to shop their personal style, price check in-store, build favorites lists, manage their star rewards, and track orders
  - Macy's app downloads up 81% vs. 3Q21, largest quarterly gain in downloads across the peer set
- **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 launch, the company has recorded ~40 episodes with a nearly 6% conversion rate
- **Payment Options:** now include Apple Pay, Klarna Express Checkout, PayPal and Venmo
- **Sitelets:** launched several successful sitelets including Contemporary for U-40 customers as well as the Sustainability and Clean Beauty for socially-minded customers
- **Digital Marketplace**: launching in 2H22, the curated, digital marketplace will dramatically expand its online SKU assortment
  - Partnering with Mirakl, an enterprise marketplace technology company to power the platform
  - Carefully selected 3rd-party merchants will sell products on macys.com and bloomingdales.com
- **Macy's Media Network:** In-house media agency that enables B2B monetization of advertising partnerships
  - Generated more than $105 million in net revenue that flows through SG&A in FY21
  - Advertiser count increased 2.8 times versus 4Q20
  - Total campaign count quadrupled versus 4Q20
  - Expanded to include Bloomingdale's





Omnichannel Ecosystem Investment Highlights

Store

- **Off-Mall Small Format:** potential to expand market share is enhanced by Market by Macy's and Bloomie's
  - Opened 8 off-mall formats across Dallas, Atlanta and Washington D.C. markets in 2021
    - Includes Market by Macy's, Freestanding Backstage, Bloomie's and Bloomingdale's Outlet
    - Targeting around 10 off-mall locations in 2022, a mix of Market by Macy's, Freestanding Backstage, Bloomies and Bloomingdale's the Outlet
    - Encouraged by initial results and will continue to add similar store formats in additional markets
- **Full-line Stores:** Building new capabilities to ensure the shopping experience is as convenient and compelling as possible
  - Iterating on store fleet to create a connected, tech-enabled omni ecosystem
  - Reimagining full in-store experience for customers while maximizing productivity and functionality of every location

Distribution Centers

- **Expanding and relocating distribution centers** to support business growth and serve the growing customer base
  - Regularly reviewing supply chain locations for opportunities to leverage network and improve cost efficiencies

Colleagues

- **Providing a Debt-free Education Benefit Program:** US-based, regular, salaried and hourly colleagues are able to pursue a range of education programs with 100% of tuition, books and fees covered
  - Investing ~$35M over the next 4 years
  - Partnering with Guild Education to build the program
- **Raising the Minimum Rate to $15/Hour:** raising the minimum rate across all Macy's, Inc. locations for new and current colleagues
  - Will achieve this target nationally by May 2022
  - Will increase average total pay for hourly colleagues to ~$20 an hour

Nameplate Fourth Quarter Highlights

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	4Q21
Comparable sales - owned + licensed	Up 5.2% compared to 4Q19; 3.2pt decrease to 3Q21
Digital Penetration	38%

bloomingdale's

	4Q21
Comparable sales - owned + licensed	Up 13.0% compared to 4Q19; 1.8pt improvement to 3Q21
Digital Penetration	42%

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	4Q21
Comparable sales - owned + licensed	Up 3.1% compared to 4Q19; 5.3pt improvement to 3Q21
Digital Penetration	24%

Macy's Merchandising Update

Best positioned, based on the health of inventory coupled with multi-category and multi-channel capabilities, to pivot with great agility to the best customer trends

Top Performing Categories

- Fragrances, fine jewelry, home décor, men's outerwear, toys, sleepwear and watches
- Successfully navigated supply chain challenges, had strong assortment for holiday

Attracting Under-40 Customer

- Added a curated selection of brands, products, and categories to 160 stores
  - Market Brands: *Cotton On*, *Steve Madden*, *Michael Kors* and *Levi's*
  - Private Brands: *And Now This* and *Oake*
- Pleased with customer response and early results

Building Best-in-Class Experiences through Brand Partnerships

- *Toys 'R' Us*
  - Expect to open SWS in all locations during 2H2022
  - Customers that shopped Toys "R" Us, 25% were new to the Macy's brand
  - 93% of toys customers cross-shopped categories
  - Increased toy sales 3x over 4Q19
- *Fanatics*
  - Increases fan apparel offering by 20x
  - Driving higher AURs in each of its categories
- *Pandora*
  - New, in-store brand partner addition, seeing a strong customer response
  - Opened 5 stores in November with plans to add 28 stores in 2022

Macy's Fourth Quarter and Full-year 2021 Customer Profile

Fourth Quarter Star Rewards Loyalty Members

	Platinum	Gold	Silver	Bronze
Sales*	$2.2B	$959M	$539M	$1.2B
Active Customers	3.5M	3.5M	3.7M	6.5M
Average Spend per Customer	$642	$275	$147	$187
Average Visits	5.3	2.8	1.7	1.9
Average Spend per Visit	$120	$97	$85	$100

Full-Year 2021 Star Rewards Loyalty Members

	Platinum	Gold	Silver	Bronze
Sales*	$7.1B	$2.6B	$1.4B	$3.2B
Active Customers	4.1M	4.7M	6.8M	12.2M
Average Spend per Customer	$1,718	$556	$204	$262
Average Visits	14.5	6.1	2.6	2.6
Average Spend per Visit	$119	$91	$79	$102
Under 40**	12%	14%	26%	48%
Diverse**	51%	47%	38%	53%

*Comparable owned-plus-licensed sales on proprietary credit card

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Macy's Fourth Quarter and Full-year 2021 Customer Highlights

Fourth Quarter 2021

- **Approximately 7.2 million new customers shopped the Macy's brand during the quarter, an 11% increase versus the fourth quarter of 2019**
  - During the fourth quarter of 2021, 58% of new customers came through the digital channel

- **During the quarter, Star Rewards program members made up approximately 66% of the total Macy's brand comparable owned plus licensed sales, up approximately 8 percentage points versus fourth quarter 2019**
  - Platinum, Gold and Silver customers in the Star Rewards Loyalty program continued to engage, with the average customer spend up 9% versus the fourth quarter of 2019
  - The Bronze segment of the Star Rewards Loyalty program, its youngest and most diverse loyalty tier, continued to grow with the addition of 3.5 million new members during the quarter

Full-year 2021

- **Macy's brand active customer count increased 18% over 2020 and 1% over 2019 to 44 million**
  - For the full year, after eliminating repeat visits between quarters, Macy's new customers increased 40% over 2020 and 26% over 2019 to 19.4 million

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Macy's Backstage Highlights

	End of Q4 2021	FY 2021
Stores Opened	1	48
Stores within Stores	1	46
Freestanding	-	2

FY2021 Store Count	
Total Store Count	**271**
Stores within Stores	263
Freestanding	8

- Comparable sales for Backstage locations store-within-store locations open more than one year continue to outperform full line Macy's stores by 17 points in 4Q21
  - Continued to see AUR growth over 4Q20 and 4Q19
- Customers under-40 made up about 26% of Backstage store-within-store customers, slightly higher than Macy's full-price customers
  - 57% of all Backstage customers are diverse.
- Significant cross-shopping*
  - 18% of cross shoppers represent 33% of sales in SWS
  - Customers who shopped two or more times represent half the sales in SWS
  - Cross shoppers made 2.5 additional visits vs. Full Line Only customers and spent 33% more per customer
- Continuing to aggressively grow Backstage
  - Achieved FY2021 store count goal, opened 48 locations
  - Expanding in strategic locations that advance the Macy's strategy and optimizes its brand

*Represented from a trailing 12-month basis

Bloomingdale's and Bluemercury Highlights

bloomingdale's

- 4Q21 comparable sales on an owned-plus-licensed basis up 13.0% compared to 4Q19
- Approximately 391,000 new customers shopped the Bloomingdale's brand during the quarter, an 26% increase versus the fourth quarter of 2019 and spent 41% more
- Continued to see strong performance from luxury throughout 4Q21
- Results were driven by strong sales of luxury handbags, fine jewelry, men's shoes and contemporary, fragrances and home
    - Brands geared towards U-40 customer had a record year
    - Private brand, Aqua, and various luxury brands outperformed in both sales and margin in 2021

bluemercury®

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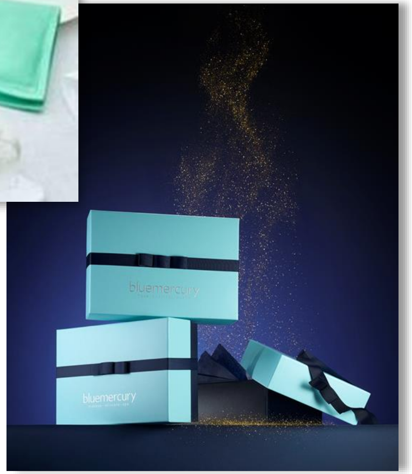
- 4Q21 comparable sales on an owned-plus-licensed basis up 3.1% compared to 4Q19
- Activation and return of customers to stores coupled with the continued growth in digital drove the strong sales performance during the quarter



Expectations

Tailwinds and Headwinds

Tailwinds

- Consumer demand will remain healthy as the job market improves and wages continue to rise
- Expect demand to increase, particularly as people return to the office and to events
- The full recovery of international tourism to pre-pandemic levels
  - Approximately half of pre-pandemic levels have not returned yet

Headwinds

- Continuing evolution of COVID-19
- Inflationary cost pressures both for Macy's, Inc. and consumers
- Uncertainty of industry promotional behavior
- Supply chain disruptions
- Competition for talent
- Lapping of stimulus packages

Three-year Outlook & Targets

- Targeting **Adjusted EBITDA margin** in the **low-double digits** –within the range of **11.5% and 12.0%** by 2024
- Targeting **a low-single digit compound annual growth rate** for **net sales** through 2024
- Targeting **digital penetration** in the **low- to mid-40s** as a percent of net sales by 2024
- Targeting **$10 billion in digital sales** by 2023
- Targeting a **gross margin rate** in the **high-30s** from maintaining solid merchandise margins, aided by lean inventory levels and the profitability from pricing initiatives and the digital marketplace as well as the mitigation of delivery expense
- Targeting to improve **SG&A expense** leverage with the growth of digital sales but, recognizing that 2021's SG&A benefited from open positions, expect SG&A over the next three years to be **elevated from 2021 levels**, peaking in 2022 in support of investments in wage and benefit packages of our colleagues
- Targeting **credit card revenues** as a percent of net sales **slightly lower than historical average of 3 percent** in the near-term before improving to about 3 percent of net sales by 2024
- Expect **capital expenditures** of approximately **$3 billion** over the three years
- Targeting to generate **between $3.2 billion and $3.6 billion** of **free cash flow** over the next three years

2022 Guidance

Net sales	**$24,460 million** to **$24,700 million**, **flat to +1.0%** growth vs. 2021
Comparable owned-plus-licensed sales three-year CAGR	Approximately **1.1% to 1.4%**
Digital sales	Approximately **37%** of net sales
Credit card revenues, net	Approximately **2.9%** of net sales
Gross margin rate	Between **38.1%** and **38.3%**
SG&A expense rate	Between **33.7%** and **33.9%**
Asset sale gains	Between **$60 million** and **$90 million**
Benefit plan income	Approximately **$28 million**
Depreciation and amortization	Approximately **$865 million**
Adjusted EBITDA margin	Between **11.0%** and **11.5%**
Interest expense, net	Approximately **$190 million**
Adjusted tax rate	Approximately **24%**
* Diluted shares outstanding	Approximately **300 million**
Adjusted diluted EPS	**$4.13** to **$4.52**
Capital expenditures	Approximately **$1 billion**

Note: * Diluted shares outstanding assumes no share repurchases during 2022.

First Quarter and Seasonal Outlook 2022

First Quarter 2022 Guidance

Net sales	**$5,270 million** to **$5,370 million**
Asset sale gains	Approximately **$25 million**
* Adjusted diluted EPS	**$0.77** to **$0.85**

- Expect quarterly net sales penetration as a percent of annual net sales to align more closely to pre-pandemic cadence
- Targeting stronger year-over-year sales growth in the first quarter
  - Results in the first quarter of 2021 were still significantly impacted by the pandemic
  - Acceleration of the recovery and effects of stimulus benefits were most evident in results for the second and third quarters of 2021
- Expect between 55% and 60% of annual Adjusted EBITDA, excluding asset sale gains, to be generated in the Fall season
  - Of this, nearly 70% is expected in the fourth quarter
- Asset sale gains are expected in the first and fourth quarters

Notes: * Adjusted diluted EPS assumes no share repurchases during Q1 of 2022.

Macy’s, Inc. Store Count – As of January 29, 2022

	End of 3Q21		End of 4Q21		Change in Store Locations from 3Q21	Change in Store Locations Year to Date
	Boxes	Store Locations	Boxes	Store Locations		
Macy's Flagships	16	11	16	11		
Macy's Magnets	429	384	429	384		
Macy's Core	445	395	445	395		
Macy's Neighborhood	62	57	56	51	-6	-7
Macy's Furniture	52	47	52	47		
Macy's Furniture Clearance	2	2	2	2		
Freestanding Backstage	8	8	8	8		+2
Macy's Small Format	5	5	5	5		+3
Stores converted to Fullfilment Centers	2	2	2	2		
Total Macy's	576	516	570	510	-6	-2
Bloomingdale's Dept. Stores	35	33	35	33		
Bloomies	1	1	1	1		+1
Bloomingdale's Furniture/Other	1	1	1	1		
Bloomingdale's The Outlet	21	21	20	20	-1	+1
Total Bloomingdale's	58	56	57	55	-1	2
Bluemercury	160	160	160	160		-2
Total Macy's, Inc.	794	732	787	725	-7	-2

Notes:
* A and B malls included in the above store types are flagship of 11, magnets of 347, core of 358 and Neighborhood of 24.
(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 263 Macy’s Store Within Store Backstage locations located within Macy’s stores

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 (loss) 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 (loss) and diluted earnings (loss) 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, comparable sales on an owned plus licensed basis, and free cash flows 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.	January 29, 2022 versus 13 weeks ended January 30, 2021	January 29, 2022 versus 13 weeks ended February 1, 2020
Increase in comparable sales on an owned basis (Note 1)	28.3%	6.6%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.5%)	(0.5%)
Increase in comparable sales on an owned plus licensed basis	27.8%	6.1%

Macy’s, Inc.	January 29, 2022 versus 52 weeks ended January 30, 2021	January 29, 2022 versus 52 weeks ended February 1, 2020
Increase in comparable sales on an owned basis (Note 1)	43.0%	3.1%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.1%)	(0.1%)
Increase in comparable sales on an owned plus licensed basis	42.9%	3.0%

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation during the 13 and 52 weeks ended January 29, 2022 and the 13 and 52 weeks ended January 30, 2021 and February 1, 2020, 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. No stores have been excluded as a result of the COVID-19 pandemic. 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 brand, Bloomingdale's brand and Bluemercury brand

Macy's	Versus 13 Weeks Ended February 1, 2020
Increase in comparable sales on an owned basis (Note 1)	5.9%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.7%)
Increase in comparable sales on an owned plus licensed basis	5.2%

Bloomingdale's	Versus 13 Weeks Ended February 1, 2020
Increase in comparable sales on an owned basis (Note 1)	13.0%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.0%
Increase in comparable sales on an owned plus licensed basis	13.0%

Bluemercury	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)	0.0%
Increase in comparable sales on an owned plus licensed basis	3.1%

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

In millions	13 weeks ended, January 29, 2022	13 weeks ended January 30, 2021	13 weeks ended February 1, 2020
Most comparable GAAP measure: Net income	$742	$160	$340
Net sales	8,665	6,780	8,337
Net income as a percent to net sales	8.6%	2.4%	4.1%
Non-GAAP measure: Net income	$742	$160	$340
Interest expense, net	44	84	42
Losses on early retirement of debt	-	-	30
Financing costs	-	1	-
Federal, state and local income tax expense	240	154	109
Depreciation and amortization	206	237	256
Earnings before interest, taxes, depreciation and amortization	1,232	636	777
Impairment, restructuring and other costs	9	134	337
Settlement charges	6	19	46
Adjusted EBITDA	$1,247	$789	$1,160
Adjusted EBITDA as a percent to net sales	14.4%	11.6%	13.9%

Earnings (Loss) Before Interest, Taxes, Depreciation, and Amortization Excluding Certain Items

In millions	52 weeks ended, January 29, 2022	52 weeks ended January 30, 2021	52 weeks ended February 1, 2020
Most comparable GAAP measure: Net income (loss)	$1,430	$(3,944)	$564
Net sales	$24,460	$17,346	$24,560
Net income (loss) as a percent to net sales	5.8%	(22.7%)	2.3%
Non-GAAP measure: Net income (loss)	$1,430	$(3,944)	$564
Interest expense, net	255	280	185
Losses on early retirement of debt	199	-	30
Financing costs	-	5	-
Federal, state and local income tax (benefit) expense	436	(846)	164
Depreciation and amortization	874	959	981
Earnings (loss) before interest, taxes, depreciation and amortization	3,194	(3,546)	1,924
Impairment, restructuring and other costs	30	3,579	354
Settlement charges	96	84	58
Adjusted EBITDA	$3,320	$117	$2,336
Adjusted EBITDA as a percent to net sales	13.6%	0.7%	9.5%

Net Income, Excluding Certain Items

In millions	13 weeks ended, January 29, 2022	13 weeks ended January 30, 2021	13 weeks ended February 1, 2020
Most comparable GAAP measure: Net income	$742	$160	$340
Non-GAAP measure: Net income	$742	$160	$340
Impairment, restructuring and other costs	9	134	337
Settlement charges	6	19	46
Losses on early retirement of debt	-	-	30
Financing costs	-	1	-
Income tax impact of certain items identified above	(12)	(61)	(92)
As adjusted to exclude certain items above	$745	$253	$661

Net Income (Loss), Excluding Certain Items

In millions	52 weeks ended, January 29, 2022	52 weeks ended January 30, 2021	52 weeks ended February 1, 2020
Most comparable GAAP measure:			
Net income (loss)	$1,430	$(3,944)	$564
Non-GAAP measure:			
Net income (loss)	$1,430	$(3,944)	$564
Impairment, restructuring and other costs	30	3,579	354
Settlement charges	96	84	58
Losses on early retirement of debt	199	-	30
Financing costs	-	5	-
Income tax impact of certain items identified above	(87)	(412)	(100)
As adjusted to exclude certain item above	$1,668	$(688)	$906

Diluted Earnings Per Share, Excluding Certain Items

	13 weeks ended, January 29, 2022	13 weeks ended January 30, 2021	13 weeks ended February 1, 2020
Most comparable GAAP measure: Diluted earnings per share	$2.44	$0.50	$1.09
Non-GAAP measure: Diluted earnings per share	$2.44	$0.50	$1.09
Impairment, restructuring and other costs	0.03	0.42	1.08
Settlement charges	0.02	0.06	0.15
Losses on early retirement of debt	-	-	0.10
Financing costs	-	0.01	-
Income tax impact of certain items identified above	(0.04)	(0.19)	(0.30)
As adjusted to exclude certain items above	$2.45	$0.80	$2.12

Diluted Earnings (Loss) Per Share, Excluding Certain Items

	52 weeks ended, January 29, 2022	52 weeks ended January 30, 2021	52 weeks ended February 1, 2020
Most comparable GAAP measure: Diluted earnings (loss) per share	$4.55	$(12.68)	$1.81
Non-GAAP measure: Diluted earnings (loss) per share	$4.55	$(12.68)	$1.81
Impairment, restructuring and other costs	0.10	11.50	1.13
Settlement charges	0.31	0.27	0.19
Losses on early retirement of debt	0.63	-	0.10
Financing costs	-	0.02	-
Income tax impact of certain items identified above	(0.28)	(1.32)	(0.32)
As adjusted to exclude certain items above	$5.31	$(2.21)	$2.91

Free Cash Flow

In millions	52 weeks ended, January 29, 2022
Net cash provided by operating activities	$2,712
Purchase of property and equipment	(354)
Capitalized software	(243)
Disposition of property and equipment	164
Free Cash Flow	$2,279