

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 2, 2025.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 1-13536

macys inc

Macy's, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3324058

(I.R.S. Employer Identification No.)

151 West 34th Street, New York, New York 10001
(Address of Principal Executive Offices, including Zip Code)
(212) 494-1621
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value per share	M	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="radio"/>	Accelerated Filer	<input type="radio"/>
Non-Accelerated Filer	<input type="radio"/>	Smaller Reporting Company	<input type="radio"/>
Emerging Growth Company	<input type="radio"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 30, 2025
Common Stock, \$.01 par value per share	268,505,751 shares

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MACY'S, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		26 Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Net sales	\$ 4,812	\$ 4,937	\$ 9,411	\$ 9,783
Other revenue	187	159	380	313
Total revenue	4,999	5,096	9,791	10,096
Cost of sales	(2,900)	(2,938)	(5,695)	(5,884)
Selling, general and administrative expenses	(1,944)	(1,973)	(3,856)	(3,884)
Gains on sale of real estate	16	36	32	37
Impairment, restructuring and other (costs) benefits	(22)	1	(30)	(19)
Operating income	149	222	242	346
Benefit plan income, net	4	4	8	8
Interest expense, net	(25)	(31)	(51)	(62)
Loss on extinguishment of debt	(13)	—	(17)	—
Income before income taxes	115	195	182	292
Federal, state and local income tax expense	(28)	(45)	(58)	(80)
Net income	\$ 87	\$ 150	\$ 124	\$ 212
Basic earnings per share	\$ 0.32	\$ 0.54	\$ 0.45	\$ 0.77
Diluted earnings per share	\$ 0.31	\$ 0.53	\$ 0.44	\$ 0.75

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(millions)

	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>August 2, 2025</u>	<u>August 3, 2024</u>	<u>August 2, 2025</u>	<u>August 3, 2024</u>
Net income	\$ 87	\$ 150	\$ 124	\$ 212
Reclassifications to net income:				
Amortization of net actuarial loss and prior service credit on post employment and postretirement benefit plans included in net income, before tax	1	—	1	1
Tax effect related to items of other comprehensive income	(1)	—	(1)	(1)
Total other comprehensive income, net of tax effect	—	—	—	—
Comprehensive income	<u>\$ 87</u>	<u>\$ 150</u>	<u>\$ 124</u>	<u>\$ 212</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(millions)

	August 2, 2025	February 1, 2025	August 3, 2024
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 829	\$ 1,306	\$ 646
Receivables	211	303	268
Merchandise inventories	4,342	4,468	4,378
Prepaid expenses and other current assets	430	385	403
Income taxes receivable	13	17	47
Total Current Assets	5,825	6,479	5,742
Property and Equipment - net of accumulated depreciation and amortization of \$4,396, \$4,177 and \$4,521	4,903	5,070	5,234
Right of Use Assets	2,210	2,243	2,345
Goodwill	828	828	828
Other Intangible Assets – net	423	425	428
Other Assets	1,362	1,357	1,291
Total Assets	\$ 15,551	\$ 16,402	\$ 15,868
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term debt	\$ 194	\$ 6	\$ 6
Merchandise accounts payable	1,818	1,893	1,871
Accounts payable and accrued liabilities	2,195	2,625	2,127
Income taxes payable	12	—	—
Total Current Liabilities	4,219	4,524	4,004
Long-Term Debt	2,432	2,773	2,993
Long-Term Lease Liabilities	2,855	2,927	3,013
Deferred Income Taxes	723	724	725
Other Liabilities	871	902	932
Shareholders' Equity	4,451	4,552	4,201
Total Liabilities and Shareholders' Equity	\$ 15,551	\$ 16,402	\$ 15,868

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(millions)

	Common Stock	Additional Paid-In Capital	Accumulated Equity	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at February 1, 2025	\$ 3	\$ 300	\$ 6,499	\$ (1,801)	\$ (449)	\$ 4,552
Net income			38			38
Common stock dividends (\$0.1824 per share)		1	(52)			(51)
Stock repurchases				(101)		(101)
Stock-based compensation expense		13				13
Stock issued under stock plans		(79)		79		—
Balance at May 3, 2025	<u>\$ 3</u>	<u>\$ 235</u>	<u>\$ 6,485</u>	<u>\$ (1,823)</u>	<u>\$ (449)</u>	<u>\$ 4,451</u>
Net income			87			87
Common stock dividends (\$0.1824 per share)		1	(51)			(50)
Stock repurchases				(52)		(52)
Stock-based compensation expense		15				15
Stock issued under stock plans		(4)		4		—
Balance at August 2, 2025	<u>\$ 3</u>	<u>\$ 247</u>	<u>\$ 6,521</u>	<u>\$ (1,871)</u>	<u>\$ (449)</u>	<u>\$ 4,451</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - (Continued)
(Unaudited)
(millions)

	Common Stock	Additional Paid-In Capital	Accumulated Equity	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at February 3, 2024	\$ 3	\$ 352	\$ 6,088	\$ (1,912)	\$ (496)	\$ 4,035
Net income			62			62
Common stock dividends (\$0.1737 per share)			(48)			(48)
Stock-based compensation expense		13				13
Stock issued under stock plans		(71)		70		(1)
Cumulative-effect adjustment (a)			23			23
Balance at May 4, 2024	<u>\$ 3</u>	<u>\$ 294</u>	<u>\$ 6,125</u>	<u>\$ (1,842)</u>	<u>\$ (496)</u>	<u>\$ 4,084</u>
Net Income			150			150
Common stock dividends (\$0.1737 per share)		1	(49)			(48)
Stock-based compensation expense		15				15
Stock issued under stock plans		(33)		33		—
Balance at August 3, 2024	<u>\$ 3</u>	<u>\$ 277</u>	<u>\$ 6,226</u>	<u>\$ (1,809)</u>	<u>\$ (496)</u>	<u>\$ 4,201</u>

(a) Represents the cumulative-effect adjustment for the change in inventory valuation method.

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(millions)

	26 Weeks Ended	
	August 2, 2025	August 3, 2024
Cash flows from operating activities:		
Net income	\$ 124	\$ 212
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment, restructuring and other costs	30	19
Depreciation and amortization	437	429
Stock-based compensation expense	28	28
Gains on sale of real estate	(32)	(37)
Benefit plans	1	1
Amortization of financing costs and premium on acquired debt	6	5
Deferred income taxes	(1)	(35)
Changes in assets and liabilities:		
Decrease in receivables	92	25
Decrease in merchandise inventories	123	39
Increase in prepaid expenses and other current assets	(54)	(10)
Decrease in merchandise accounts payable	(35)	(32)
Decrease in accounts payable and accrued liabilities	(405)	(369)
Increase (decrease) in current income taxes	9	(88)
Change in other assets and liabilities	(68)	(50)
Net cash provided by operating activities	255	137
Cash flows from investing activities:		
Purchase of property and equipment	(179)	(271)
Capitalized software	(164)	(161)
Proceeds from disposition of assets, net	75	51
Other, net	6	8
Net cash used by investing activities	(262)	(373)
Cash flows from financing activities:		
Debt issued	500	—
Debt issuance costs	(13)	—
Debt repaid	(651)	(1)
Debt repurchase premium and expenses	(11)	—
Dividends paid	(100)	(96)
Decrease in outstanding checks	(47)	(55)
Acquisition of treasury stock	(149)	—
Net cash used by financing activities	(471)	(152)
Net decrease in cash, cash equivalents and restricted cash	(478)	(388)
Cash, cash equivalents and restricted cash beginning of period	1,310	1,037
Cash, cash equivalents and restricted cash end of period	\$ 832	\$ 649
Supplemental cash flow information:		
Interest paid	\$ 113	\$ 79
Interest received	27	22
Income taxes paid, net of refunds received	50	203
Restricted cash, end of period	3	3

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Summary of Significant Accounting Policies

Nature of Operations

Macy's, Inc., together with its subsidiaries (the "Company"), is an omni-channel retail organization operating stores, websites and mobile applications under three nameplates (Macy's, Bloomingdale's and Bluemercury) that sell a wide range of merchandise, including apparel and accessories (men's, women's and kids'), cosmetics, home furnishings and other consumer goods. The Company has stores in 43 states, the District of Columbia, Puerto Rico and Guam. As of August 2, 2025, the Company's operations and operating segments were conducted through Macy's, Macy's Backstage, Macy's small format, Bloomingdale's, Bloomingdale's The Outlet, Bloomie's, and Bluemercury.

Bloomingdale's in Dubai, United Arab Emirates and Al Zahra, Kuwait are operated under a license agreement with Al Tayer Insignia, a company of Al Tayer Group, LLC.

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2025 (the "2024 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2024 10-K.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are subject to inherent uncertainties which may result in actual amounts differing from reported amounts.

The Consolidated Financial Statements for the 13 and 26 weeks ended August 2, 2025 and August 3, 2024, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company.

Seasonality

Because of the seasonal nature of the retail business, the results of operations for the 13 and 26 weeks ended August 2, 2025 and August 3, 2024 (which do not include the holiday season) are not necessarily indicative of such results for the full fiscal year.

Merchandise Inventories

On February 4, 2024, the Company changed its inventory valuation method. Previously, inventories were principally valued at lower of cost or market using the last-in, first-out ("LIFO") retail inventory method ("RIM"). Commencing in fiscal 2024, inventories are valued at the lower of cost or market using the LIFO cost method and as such are not directly comparable to the prior year. The LIFO cost method is preferable as compared to LIFO RIM because it improves the cost accuracy and transparency of inventory at the unit level and better allows the organization to evaluate selling margin realized on each sale. Additionally, it is consistent with the practices of many other retailers, improving comparability. Reported results for periods prior to fiscal 2024 have not been restated due to impracticability as the Company's systems did not capture historical period-specific information necessary to value the inventory under the cost method. The impact of the change in accounting method had an immaterial effect on the Consolidated Financial Statements as of February 4, 2024.

Under the LIFO cost method, the item-cost method is used to determine inventory cost before the application of any LIFO adjustment, as necessary. This method involves assigning costs to each item individually based on the actual purchase costs of that item. The Company continuously monitors whether the carrying cost of inventory exceeds its market value. Excess inventories may be disposed of through the normal course of business. The Company writes down the carrying value of inventories that are not expected to be sold at or above cost based on historical results.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Comprehensive Income

Total comprehensive income represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net income. For the Company, the only other components of total comprehensive income for the 13 and 26 weeks ended August 2, 2025 and August 3, 2024 relate to post employment and postretirement plan items. Settlement charges incurred are included as a separate component of income before income taxes in the Consolidated Statements of Income. Amortization reclassifications out of accumulated other comprehensive income (loss) are included in the computation of net periodic benefit cost (income) and are included in benefit plan income, net on the Consolidated Statements of Income. See Note 5, "Retirement Plans," for further information.

Income Taxes

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act (the "OBGBA"). Included in this legislation are provisions that allow for the option to claim 100% accelerated depreciation deductions on qualified property, with retroactive application beginning January 20, 2025, and immediate expensing of domestic research and development costs, with retroactive application beginning January 1, 2025. The Company does not expect the provisions of the OBGBA to have a material impact to its estimated fiscal 2025 effective tax rate and expects the provisions to ultimately decrease its fiscal 2025 cash tax payments.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The amendments in this update enhance the transparency and decision usefulness of income tax disclosures, primarily through improvements to the rate reconciliation and income taxes paid information, specifically requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation, and (2) income taxes paid disaggregation by jurisdiction. These amendments allow investors to better assess how an entity's operations and tax related risks and planning affects its income tax rate and prospects for future cash flows. ASU 2023-09 is effective for the Company beginning in the fiscal year ending January 31, 2026. The Company is currently evaluating the impacts of the adoption of ASU 2023-09 on the Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)" ("ASU 2024-03"). The amendments in this update enhance disclosures about a public business entity's expenses and provide more detailed information about the types of expenses included in certain expense captions in the consolidated financial statements. ASU 2024-03 is effective for the Company beginning in the fiscal year ending January 29, 2028. The Company is currently evaluating the impacts of the adoption of ASU 2024-03 on the Consolidated Financial Statements.

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments—Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets" ("ASU 2025-05"). The amendments in this update provide a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under FASB Accounting Standards Codification 606. Under ASU 2025-05, an entity is required to disclose whether it has elected to use the practical expedient. An entity that makes the accounting policy election is required to disclose the date through which subsequent cash collections are evaluated. ASU 2025-05 is effective for the Company beginning in the fiscal year ending January 30, 2027. The Company is currently evaluating the impacts of the adoption of ASU 2025-05 on the Consolidated Financial Statements.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

2. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	13 Weeks Ended			
	August 2, 2025		August 3, 2024	
	Net Income	Shares	Net Income	Shares
	(millions, except per share data)			
Net income and average number of shares outstanding	\$ 87	271.0	\$ 150	276.7
Shares to be issued under deferred compensation and other plans		0.8		1.0
	\$ 87	271.8	\$ 150	277.7
Basic earnings per share	\$ 0.32		\$ 0.54	
Effect of dilutive securities:				
Restricted stock units		4.1		3.9
	\$ 87	275.9	\$ 150	281.6
Diluted earnings per share	\$ 0.31		\$ 0.53	

	26 Weeks Ended			
	August 2, 2025		August 3, 2024	
	Net Income	Shares	Net Income	Shares
	(millions, except per share data)			
Net income and average number of shares outstanding	\$ 124	273.8	\$ 212	276.0
Shares to be issued under deferred compensation and other plans		0.9		0.9
	\$ 124	274.7	\$ 212	276.9
Basic earnings per share	\$ 0.45		\$ 0.77	
Effect of dilutive securities:				
Restricted stock units		3.6		4.4
	\$ 124	278.3	\$ 212	281.3
Diluted earnings per share	\$ 0.44		\$ 0.75	

In addition to the restricted stock units reflected in the foregoing table, stock options to purchase 5.9 million and 8.0 million shares of common stock and restricted stock units relating to 1.0 million and 0.3 million shares of common stock were outstanding at August 2, 2025 and August 3, 2024, respectively, but were not included in the computation of diluted earnings per share because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

3. Revenue

Net sales, which mainly consist of retail sales but also include merchandise returns, gift cards and loyalty programs, represented 96% of total revenue for both the 13 and 26 weeks ended August 2, 2025 and 97% of total revenue for both the 13 and 26 weeks ended August 3, 2024. Other revenue generating activities consist of credit card revenues and Macy's Media Network revenue.

Revenues	13 Weeks Ended		26 Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
	(millions)			
Women's Accessories, Shoes, Cosmetics and Fragrances	\$ 1,954	\$ 1,990	\$ 3,896	\$ 4,060
Women's Apparel	1,094	1,120	2,192	2,265
Men's and Kids'	1,028	1,056	1,980	2,037
Home/Other (a)	736	771	1,343	1,421
Total Net Sales	4,812	4,937	\$ 9,411	\$ 9,783
Credit card revenues, net	\$ 153	\$ 125	\$ 306	\$ 242
Macy's Media Network revenue, net (b)	34	34	74	71
Other Revenue	187	159	380	313
Total Revenue	\$ 4,999	\$ 5,096	\$ 9,791	\$ 10,096

(a) Other primarily includes restaurant sales, allowance for merchandise returns adjustments and breakage income from unredeemed gift cards.

(b) Macy's Media Network is an in-house media platform supporting both Macy's and Bloomingdale's customers through a broad variety of advertising formats running both on owned and operated platforms as well as offsite.

Macy's accounted for 84% and 83% of the Company's net sales for the 13 and 26 weeks ended August 2, 2025, respectively, and 85% of the Company's net sales for both the 13 and 26 weeks ended August 3, 2024. In addition, digital sales accounted for 31% and 29% of the Company's net sales for the 13 weeks ended August 2, 2025 and August 3, 2024, respectively, and 32% and 31% of the Company's net sales for the 26 weeks ended August 2, 2025 and August 3, 2024, respectively.

Retail Sales

Retail sales include merchandise sales, inclusive of delivery income, licensed department income, Marketplace income, sales of private brand goods directly to third party retailers and sales of excess inventory to third parties. Sales of merchandise are recorded at point of sale for in-store purchases or the time of shipment to the customer for digital purchases and are reported net of estimated merchandise returns and certain customer incentives. Commissions earned on sales generated by licensed departments and Marketplace are included as a component of total net sales and are recognized as revenue at the time merchandise is sold to customers. Service revenues (e.g., alteration and cosmetic services) are recorded at the time the customer receives the benefit of the service. The Company has elected to present sales taxes on a net basis and sales taxes are included in accounts payable and accrued liabilities until remitted to the taxing authorities.

Merchandise Returns

The Company estimates merchandise returns using historical data and recognizes an allowance that reduces net sales and cost of sales. The liability for merchandise returns is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was \$129 million, \$114 million and \$120 million as of August 2, 2025, February 1, 2025 and August 3, 2024, respectively. Included in prepaid expenses and other current assets is an asset totaling \$82 million, \$72 million and \$75 million as of August 2, 2025, February 1, 2025 and August 3, 2024, respectively, for the recoverable cost of merchandise estimated to be returned by customers.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Gift Cards and Customer Loyalty Programs

The Company only offers no-fee, non-expiring gift cards to its customers. At the time gift cards are sold or issued, no revenue is recognized; rather, the Company records an accrued liability to customers. The liability is relieved, and revenue is recognized, equal to the amount redeemed for merchandise. The Company records revenue from unredeemed gift cards (breakage) in net sales on a pro-rata basis over the time period gift cards are actually redeemed. At least three years of historical data, updated annually, is used to determine actual redemption patterns.

The Company maintains customer loyalty programs in which customers earn points based on their purchases. Under the Macy's Star Rewards loyalty program, points are earned based on customers' spending on Macy's private label and co-branded credit cards as well as non-proprietary cards and other forms of tender. The Company's Bloomingdale's Loyallist and Bluemercury BlueRewards programs provide tender neutral points-based programs to their customers. The Company recognizes the estimated net amount of the rewards that will be earned and redeemed as a reduction to net sales at the time of the initial transaction and as tender when the points are subsequently redeemed by a customer.

The liability for unredeemed gift cards and customer loyalty programs is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was \$301 million, \$353 million and \$334 million as of August 2, 2025, February 1, 2025 and August 3, 2024, respectively.

Credit Card Revenues

In 2005, in connection with the sale of most of the Company's credit card accounts and related receivable balances to Citibank, the Company and Citibank entered into a long-term marketing and servicing alliance pursuant to the terms of a Credit Card Program Agreement ("Credit Card Program"). Subsequent to this initial arrangement and associated amendments, on December 13, 2021, the Company entered into the sixth amendment to the amended and restated Credit Card Program with Citibank (the "Program Agreement"). The changes to the Credit Card Program's financial structure are not materially different from its previous terms. As part of the Program Agreement, the Company receives payments for providing a combination of interrelated services and intellectual property to Citibank in support of the underlying Credit Card Program. Revenue based on the spending activity of the underlying accounts is recognized as the respective card purchases occur and the Company's profit share is recognized based on the performance of the underlying portfolio. Revenue associated with the establishment of new credit accounts and assisting in the receipt of payments for existing accounts is recognized as such activities occur. Credit card revenues include finance charges, late fees and other revenue generated by the Company's Credit Card Program, net of fraud losses and expenses associated with establishing new accounts, credit card funding costs and bad debt reserves and are a component of other revenue on the consolidated statements of income.

The Program Agreement expires on March 31, 2030, subject to an additional renewal term of three years. The Program Agreement provides for, among other things, (i) the ownership by Citibank of the accounts purchased by Citibank, (ii) the ownership by Citibank of new accounts opened by the Company's customers, (iii) the provision of credit by Citibank to the holders of the credit cards associated with the foregoing accounts, (iv) the servicing of the foregoing accounts, and (v) the allocation between Citibank and the Company of the economic benefits and burdens associated with the foregoing and other aspects of the alliance. Pursuant to the Program Agreement, the Company continues to provide certain servicing functions related to the accounts and related receivables owned by Citibank and receives compensation from Citibank for these services. The amounts earned under the Program Agreement related to the servicing functions are deemed adequate compensation and, accordingly, no servicing asset or liability has been recorded on the Consolidated Balance Sheets.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

4. Financing Activities

Q2 2025 Debt Financing Activities

The following table details the Company's debt repayments during the 26 weeks ended August 2, 2025 and August 3, 2024:

	26 and 13 weeks ended	
	August 2, 2025	August 3, 2024
	(millions)	
Short-term debt		
7.60% Debentures due 2025	\$ 6	\$ —
	6	—
Long-term debt		
6.79% Senior debentures due 2027	27	—
6.70% Senior exchanged debentures due 2028	54	—
8.75% Senior exchanged debentures due 2029	13	—
5.875% Senior notes due 2029	326	—
5.875% Senior notes due 2030	224	—
	644	—
Total debt	\$ 650	\$ —

On July 29, 2025, Macy's Retail Holdings, LLC ("MRH"), a wholly owned subsidiary of Macy's, Inc., completed an offering of \$500 million in aggregate principal amount of 7.375% senior notes due 2033 (the "2033 Notes") in a private offering (the "Notes Offering"). The 2033 Notes mature on August 1, 2033. The 2033 Notes are senior unsecured obligations of MRH and are unconditionally guaranteed on a senior unsecured basis by Macy's, Inc. MRH used the net proceeds from the Notes Offering, together with cash on hand, to (i) fund a tender offer for certain outstanding senior notes and debentures, (ii) redeem approximately \$587 million of certain other outstanding senior notes and debentures, and (iii) to pay fees, premiums and expenses in connection with the Notes Offering, tender offer and redemption.

On July 29, 2025, the Company completed a tender offer in which \$251 million aggregate principal amount of certain senior notes and debentures were tendered for early settlement and purchased by MRH for a total cash cost of \$255 million.

On July 29, 2025, the Company redeemed \$393 million aggregate principal amount of certain senior notes and debentures due in 2028 and 2029. In addition, prior to August 2, 2025, the Company issued an irrevocable notice of redemption to redeem \$194 million aggregate principal amount of senior debentures due in 2028 and 2029. Redemption occurred after the end of the second quarter of 2025, resulting in a total redemption of \$587 million of senior notes and debentures. As a result of the irrevocable notice of redemption, \$194 million of debt has been classified as short-term debt on the Consolidated Balance Sheet as of August 2, 2025.

The Company recognized a \$13 million loss related to the extinguishment of debt on the Consolidated Statements of Income during the second quarter of 2025 as a result of the transactions above.

ABL Credit Facility

On April 9, 2025, Macy's Inventory Funding LLC (the "ABL Borrower"), an indirect subsidiary of the Company, and Macy's Inventory Holdings LLC (the "ABL Parent"), a direct subsidiary of the Company and the direct parent of the ABL Borrower, entered into an amendment (the "Amendment") to the credit agreement governing the existing \$3,000 million asset-based credit facility (the "Existing ABL Credit Facility"), which was set to expire in March 2027. The Amendment reduced the asset-based credit facility to \$2,100 million (the "Amended & Extended ABL Credit Facility") and extended the maturity date to April 2030. The Amendment therefore provides the Company with access to \$2,100 million of committed liquidity for the next five years. The ABL Borrower may request increases in the size of the Amended & Extended ABL Credit Facility up to an additional aggregate principal amount of \$1,750 million. The Amended & Extended ABL Credit Facility replaces the Existing ABL Credit Facility, with similar collateral support, but reduced commercial letter of credit fees and unused facility fees.

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(Unaudited)

The Amended & Extended ABL Credit Facility is secured on a first priority basis (subject to customary exceptions) by (i) all assets of the ABL Borrower including all such inventory and the proceeds thereof and (ii) the equity of the ABL Borrower. The ABL Parent guarantees the ABL Borrower's obligations under the Amended & Extended ABL Credit Facility.

The Amended & Extended ABL Credit Facility contains customary borrowing conditions including a borrowing base equal to the sum of (i) 90% of the net orderly liquidation percentage of eligible inventory, minus (ii) customary reserves. Amounts borrowed under the Amended & Extended ABL Credit Facility are subject to interest at a rate per annum equal to, at the ABL Borrower's option, either (i) adjusted SOFR (calculated to include a 0.10% credit adjustment spread) plus a margin of 1.25% to 1.50% or (ii) a base rate plus a margin of 0.25% to 0.50%, in each case depending on revolving line utilization. The Amended & Extended ABL Credit Facility also contains customary covenants that provide for, among other things, limitations on indebtedness, liens, fundamental changes, restricted payments, and prepayment of certain indebtedness as well as customary representations and warranties and events of default typical for credit facilities of this type.

The Amended & Extended ABL Credit Facility also requires Macy's, Inc. and its restricted subsidiaries to maintain a fixed charge coverage ratio of at least 1.00 to 1.00 as of the end of any fiscal quarter if Availability plus Suppressed Availability (each as defined in the Amended & Extended ABL Credit Facility) is less than the greater of (a) 10% of the Loan Cap (as defined in the Amended & Extended ABL Credit Facility) and (b) \$175 million, in each case, as of the end of such fiscal quarter.

As of August 2, 2025 and August 3, 2024, the Company had \$143 million and \$144 million of standby letters of credit outstanding under the ABL Credit Facility, respectively, which reduced the available borrowing capacity to \$1,957 million and \$2,856 million, respectively. The Company had no outstanding borrowings under the ABL Credit Facility as of August 2, 2025 and August 3, 2024.

Other Financing Activities

During the 13 and 26 weeks ended August 2, 2025, the Company repurchased approximately 4.0 million and 12.6 million shares of its common stock pursuant to its existing stock purchase authorization for a total of approximately \$50 million and \$151 million, respectively. During the 13 and 26 weeks ended August 3, 2024, the Company did not repurchase shares of its common stock. As of August 2, 2025, the Company had \$1,224 million of authorization remaining under its share repurchase program. The Company may continue or, from time to time, suspend repurchases of shares under its share repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors.

5. Retirement Plans

The Company has defined contribution plans that cover substantially all employees who work 1,000 hours or more in a year. In addition, the Company has a funded defined benefit plan ("Pension Plan") and an unfunded defined benefit supplementary retirement plan ("SERP"), which provides benefits, for certain employees, in excess of qualified plan limitations. Effective January 1, 2012, the Pension Plan was closed to new participants, with limited exceptions, and effective January 2, 2012, the SERP was closed to new participants.

In February 2013, the Company announced changes to the Pension Plan and SERP whereby eligible employees no longer earn future pension service credits after December 31, 2013, with limited exceptions. All retirement benefits attributable to service in subsequent periods are provided through defined contribution plans.

In addition, certain retired employees currently are provided with specified health care and life insurance benefits ("Postretirement Obligations"). Eligibility requirements for such benefits vary, but generally state that benefits are available to eligible employees who were hired prior to a certain date and retire after a certain age with specified years of service. Certain employees are subject to having such benefits modified or terminated.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The defined contribution plan expense and actuarially determined components of the net periodic benefit cost (income) associated with the defined benefit plans are as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
	(millions)			
401(k) Qualified Defined Contribution Plan	\$ 21	\$ 23	\$ 44	\$ 46
Pension Plan				
Interest cost	\$ 17	\$ 18	\$ 34	\$ 36
Expected return on assets	(27)	(29)	(55)	(58)
Recognition of net actuarial loss	1	1	2	2
	<u>\$ (9)</u>	<u>\$ (10)</u>	<u>\$ (19)</u>	<u>\$ (20)</u>
Supplementary Retirement Plan				
Interest cost	\$ 5	\$ 6	\$ 10	\$ 11
Recognition of net actuarial loss	1	1	3	3
	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 13</u>	<u>\$ 14</u>
Total Retirement Expense	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ 38</u>	<u>\$ 40</u>
Postretirement Obligations				
Interest cost	\$ 1	\$ 1	\$ 2	\$ 2
Recognition of net actuarial gain	(1)	(1)	(3)	(3)
Amortization of prior service credit	(1)	(1)	(1)	(1)
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>

6. Fair Value Measurements

The Company's financial assets are required to be measured at fair value on a recurring basis, by level within the hierarchy as defined by applicable accounting standards.

Level 1: Quoted prices in active markets for identical assets

Level 2: Significant observable inputs for the assets

Level 3: Significant unobservable inputs for the assets

The following table shows the estimated fair value of the Company's marketable equity and debt securities:

	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
		(millions)		
August 2, 2025	\$ 38	\$ 38	\$ —	\$ —
February 1, 2025	43	43	—	—
August 3, 2024	38	38	—	—

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, receivables, certain short-term investments and other assets, short-term debt, merchandise accounts payable, accounts payable and accrued liabilities and long-term debt. With the exception of long-term debt, the carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments. The fair values of long-term debt, excluding capitalized leases, are generally estimated based on quoted market prices for identical or similar instruments, and are classified as Level 2 measurements within the hierarchy as defined by applicable accounting standards.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following table shows the estimated fair value of the Company's long-term debt, including the current portion of long-term debt:

	Notional Amount		Carrying Amount (millions)		Fair Value
August 2, 2025	\$ 2,635	\$	2,626	\$	2,336
February 1, 2025	2,785		2,779		2,467
August 3, 2024	3,007		2,999		2,709

Nonfinancial Assets

The Company reviews the carrying amount of goodwill and intangible assets with indefinite lives for impairment annually and whenever events or changes in circumstances indicate that it is more likely than not that the carrying amount may not be recoverable. For the Company's annual impairment assessment as of the end of fiscal May 2025, the Company elected to perform a qualitative impairment test on its goodwill and intangible assets with indefinite lives and concluded that it is more likely than not that the fair values exceeded the carrying values and therefore goodwill and intangible assets with indefinite lives were not impaired.

7. Supplier Finance Programs

The Company has agreements with third-party financial institutions to facilitate supply chain finance ("SCF") programs. The programs allow qualifying suppliers to sell their receivables, on an invoice level at the selection of the supplier, from the Company to the financial institution and negotiate their outstanding receivable arrangements and associated fees directly with the financial institution. Macy's, Inc. is not party to the agreements between the supplier and the financial institution. The supplier invoices that have been confirmed as valid under the SCF programs require payment in full by the financial institution to the supplier by the original maturity date of the invoice, or discounted payment at an earlier date as agreed upon with the supplier. The Company's obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted by a supplier's participation in the SCF programs.

All outstanding amounts related to suppliers participating in the SCF programs are recorded within merchandise accounts payable in the Consolidated Balance Sheets and associated payments are included in operating activities in the Consolidated Statements of Cash Flows. The Company's outstanding obligations as of August 2, 2025, February 1, 2025 and August 3, 2024 were \$136 million, \$116 million and \$157 million, respectively.

8. Segments

Macy's, Inc., together with its subsidiaries, is an omni-channel retail organization operating stores, websites and mobile applications under three brands (Macy's, Bloomingdale's and Bluemercury) that sell a wide range of merchandise, including apparel and accessories (men's, women's and kids'), cosmetics, home furnishings and other consumer goods. As of August 2, 2025, the Company's operations and operating segments were conducted through Macy's, Macy's Backstage, Macy's small format, Bloomingdale's, Bloomingdale's The Outlet, Bloomie's, and Bluemercury.

All operating segments engage in similar business activities, operate in similar economic environments and have materially similar key economic metrics, among other similarities. As such, the Company aggregates all operations into a single reporting segment under the aggregation criteria.

The Company's Chief Executive Officer, Tony Spring, is its Chief Operating Decision Maker ("CODM") and reviews segment performance to make resource allocation decisions and to guide strategic decisions based on net income, which is reported on the Consolidated Statements of Income. The components of segment net income that the CODM considers are consistent with the components of net income as reported on the Consolidated Statements of Income with the additional disaggregation of depreciation and amortization from selling, general and administrative expenses. Depreciation and amortization expense represented \$218 million and \$213 million and \$437 million and \$429 million of the total selling, general and administrative expenses for the 13 and 26 weeks ended August 2, 2025 and August 3, 2024, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For purposes of the following discussion, all references to "second quarter of 2025" and "second quarter of 2024" are to the Company's 13-week fiscal periods ended August 2, 2025 and August 3, 2024, respectively. References to the "first half of 2025" or "2025" and the "first half of 2024" or "2024" are to the Company's 26-week fiscal periods ended August 2, 2025 and August 3, 2024, respectively.

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in the 2024 10-K. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report (particularly in "Risk Factors" and in "Forward-Looking Statements") and in the 2024 10-K (particularly in "Risk Factors" and in "Forward-Looking Statements"). This discussion includes Non-GAAP financial measures. For information about these measures, see the disclosure under the caption "Important Information Regarding Non-GAAP Financial Measures".

Quarterly Overview and Company Strategy

The Company is in its second year of the execution of its strategy, A Bold New Chapter, which firmly places energy and focus on the needs of our customer and is centered on an enhanced omni-channel shopping experience across all three of our nameplates. This strategy prioritizes improving the shopping environment and elevating the customer experience, while closing underproductive Macy's stores to focus resources and investments on its go-forward enterprise. During the second quarter of 2025, the Company continued to make progress on the three pillars within the Bold New Chapter strategy, as follows:

- **Strengthen and Reimagine the Macy's nameplate**
 - Macy's delivered its strongest second quarter net promoter score on record.
 - Reimagine 125 Locations: In early February 2025, we overlaid successful initiatives from the First 50 locations to an additional 75 stores for a total 125 reimaged Macy's locations. The additional 75 stores have continued emphasis on customer experience, and build on learnings from the first year of our Bold New Chapter strategy. The Reimagine 125 locations continued to outperform the rest of the Macy's fleet in the second quarter of 2025. Customers are responding well to elevated merchandise, more effective staffing and localized events as we continue to see stronger Reimagine 125 performance in traffic, average order value and net promoter scores relative to the broader nameplate.
 - Revitalize assortment: Our assortment matrix evolution continues to gain traction. As one of our vendors' largest partners, we receive compelling product from the brands our customers are asking for, such as Coach, Donna Karan, Levi's and Ralph Lauren, all of which have thrived at Macy's. We have been attracting new partners, including abercrombie kids, expanding distribution of existing labels such as Sam Edelman, Hugo Boss and Good American, and continuing to update our private brand assortments. Our off-price concept, Backstage, and Macy's Marketplace remained strong. Backstage and Marketplace fill white space in our assortments and help us maintain loyal customers seeking more price and brand variety.
- **Accelerate luxury growth**
 - Bloomingdale's: Bloomingdale's achieved its highest second quarter sales and net promoter score on record. During the second quarter, ready-to-wear, fine jewelry, fragrance and tabletop performance were standout contributors to this performance. Bloomingdale's is also known for its special capsules and exclusive partnerships, which build brand excitement and support increased visits to our stores and online. This summer, we had takeover events by contemporary brands MOTHER and STAUD and introduced our latest limited-edition AQUA collaboration, Aqua X Ava Phillippe.
 - Bluemercury: Bluemercury achieved its 18th consecutive quarter of comparable sales growth. Results were driven by dermatological skincare and recent brand launches including Byredo, Victoria Beckham Beauty and Charlotte Tilbury.
- **Simplify and modernize end-to-end operations**
 - Efforts to drive meaningful change for our customers, and operational and financial performance, continue to progress. We are finding efficiencies through automation, resource optimization and streamlining of processes and are continuing to explore practical applications of artificial intelligence and machine-based learning. Our end-to-end work gives us the ability to invest in our growth ambitions, while simplifying our business model.

Comparable sales highlights for the second quarter of 2025 versus the second quarter of 2024 related to components of A Bold New Chapter strategy are as follows:

- Macy's, Inc. comparable sales were up 0.8% on an owned basis and up 1.9% on an owned-plus-licensed-plus-marketplace ("O+L+M") basis.
 - Macy's, Inc. go-forward business comparable sales, inclusive of go-forward locations and digital across nameplates, were up 1.1% on an owned basis and up 2.2% on an O+L+M basis.
- Company's nameplate highlights include:
 - Macy's comparable sales were up 0.4% on an owned basis and were up 1.2% on an O+L+M basis. Macy's go-forward business comparable sales, inclusive of Macy's go-forward locations and digital, were up 0.7% on an owned basis and up 1.5% on an O+L+M basis.
 - Reimagine 125 locations comparable sales, included within Macy's go-forward business comparable sales, were up 1.1% on an owned basis and up 1.4% on an O+L+M basis.
 - Bloomingdale's comparable sales increased 3.6% on an owned basis and increased 5.7% on an owned-plus-licensed-plus-marketplace basis.
 - Bluemercury comparable sales increased 1.2% on an owned basis.

Results of Operations

Comparison of the Second Quarter of 2025 and the Second Quarter of 2024

	Second Quarter of 2025			Second Quarter of 2024		
	Amount	% to Net Sales	% to Total Revenue	Amount	% to Net Sales	% to Total Revenue
(dollars in millions, except per share figures)						
Net sales	\$ 4,812			\$ 4,937		
Other revenue	187	3.9 %		159	3.2 %	
Total revenue	4,999			5,096		
Cost of sales	(2,900)	(60.3)%		(2,938)	(59.5)%	
Selling, general and administrative expenses	(1,944)		(38.9)%	(1,973)		(38.7)%
Gains on sale of real estate	16		0.3 %	36		0.7 %
Impairment, restructuring and other (costs) benefits	(22)		(0.4)%	1		— %
Operating income	\$ 149		3.0 %	\$ 222		4.4 %
Net income	\$ 87			\$ 150		
Diluted earnings per share	\$ 0.31			\$ 0.53		
<u>Supplemental Financial Measures</u>						
Gross margin	\$ 1,912	39.7 %		\$ 1,999	40.5 %	
Increase (decrease) in comparable sales on an owned basis	0.8 %			(4.0)%		
<u>Supplemental Non-GAAP Financial Measures</u>						
Increase (decrease) in comparable sales on an O+L+M basis	1.9 %			(3.3)%		
Adjusted diluted earnings per share	\$ 0.41			\$ 0.53		
Adjusted EBITDA	\$ 393			\$ 438		
Core adjusted EBITDA	\$ 377			\$ 402		

See pages 26 to 28 for reconciliations of the supplemental non-GAAP financial measures to their most comparable GAAP financial measure and for other important information.

	Second Quarter of 2025	Second Quarter of 2024
Net sales	\$ 4,812	\$ 4,937
Increase (decrease) in comparable sales on an owned basis	0.8 %	(4.0)%
Increase (decrease) in comparable sales on an O+L+M basis	1.9 %	(3.3)%

Net sales for the second quarter of 2025 decreased \$125 million, or 2.5%, compared to the second quarter of 2024. The decline was mainly due to the closing of 64 non-go-forward locations last year, which contributed to approximately \$170 million of the decline in net sales. Excluding the impact of these store closures, net sales grew 0.9%, which was driven by sales growth at Bloomingdale's and Bluemercury. At Macy's, comparable sales of women's contemporary and career, as well as men's tailored clothing, outperformed the second quarter of 2024. In addition, fine jewelry, watches, textiles and mattresses continued to experience strong demand.

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	Second Quarter of 2025		Second Quarter of 2024	
	\$	% to Net Sales	\$	% to Net Sales
Credit card revenues, net	\$ 153	3.2 %	\$ 125	2.5 %
Macy's Media Network, net	34	0.7 %	34	0.7 %
Other revenue	<u>\$ 187</u>	<u>3.9 %</u>	<u>\$ 159</u>	<u>3.2 %</u>

The increase in other revenues compared to the second quarter of 2024 included a \$28 million increase in credit card revenues which was primarily driven by a strong credit portfolio and continued active management of net credit card losses. Macy's Media Network revenues were flat to the second quarter of 2024.

	Second Quarter of 2025		Second Quarter of 2024	
	\$	% to Net Sales	\$	% to Net Sales
Cost of sales	\$ (2,900)	60.3 %	(2,938)	59.5 %
Gross margin	\$ 1,912	39.7 %	\$ 1,999	40.5 %

Gross margin rate declined 80 basis points in the second quarter of 2025 compared to the second quarter of 2024. The decrease in gross margin was driven by proactive markdowns on remaining early Spring assortments and product to maintain inventory health and the flow-through of product bought under the 145% China tariffs.

	Second Quarter of 2025	Second Quarter of 2024
SG&A expenses	\$ (1,944)	\$ (1,973)
As a percent to total revenue	38.9 %	38.7 %

Selling, general and administrative ("SG&A") expenses decreased \$29 million, or 1.5%, in the second quarter of 2025 compared to the second quarter of 2024. During the second quarter of 2025, the Company continued to invest in its go-forward business, including Reimagine 125 locations and Bloomingdale's. These investments were offset by the net impact of the benefit from closed Macy's locations and ongoing cost containment efforts. The increase in SG&A expenses as a percent to total revenue in the second quarter of 2025 was primarily due to a decline in net sales compared to the second quarter of 2024.

	Second Quarter of 2025	Second Quarter of 2024
Gains on sale of real estate	\$ 16	\$ 36

Asset sale gains in the second quarter of 2025 reflect the monetization of store locations. Asset sale gains in the second quarter of 2024 mainly related to the sale of one Macy's Furniture location.

	Second Quarter of 2025	Second Quarter of 2024
Net interest expense	\$ (25)	\$ (31)

The decrease in net interest expense, excluding loss on extinguishment of debt, in the second quarter of 2025 compared to the second quarter of 2024 was primarily driven by a decrease in interest expense as a result of the debt transactions that occurred in fiscal 2024 and 2025.

	Second Quarter of 2025	Second Quarter of 2024
Effective tax rate	24.3 %	23.1 %
Federal income statutory rate	21 %	21 %

The income tax expense of \$28 million, or 24.3% of pretax income, for the second quarter of 2025 and \$45 million, or 23.1% of pretax income, for the second quarter of 2024, reflect a different effective tax rate as compared to the Company's federal income tax statutory rate of 21%. The income tax effective rates for the second quarter of 2025 and the second quarter of 2024 were impacted primarily by the effect of state and local taxes.

Comparison of the 26 Weeks Ended August 2, 2025 and August 3, 2024

	26 Weeks Ended August 2, 2025			26 Weeks Ended August 3, 2024		
	Amount	% to Net Sales	% to Total Revenue	Amount	% to Net Sales	% to Total Revenue
(dollars in millions, except per share figures)						
Net sales	\$ 9,411			\$ 9,783		
Other revenue	380	4.0 %		313	3.2 %	
Total revenue	9,791			10,096		
Cost of sales	(5,695)	(60.5)%		(5,884)	(60.1)%	
Selling, general and administrative expenses	(3,856)		(39.4)%	(3,884)		(38.5)%
Gains on sale of real estate	32		0.3 %	37		0.4 %
Impairment, restructuring and other costs	(30)		(0.3)%	(19)		(0.2)%
Operating income	\$ 242		2.5 %	\$ 346		3.4 %
Net income	\$ 124			\$ 212		
Diluted earnings per share	\$ 0.44			\$ 0.75		
<u>Supplemental Financial Measures</u>						
Gross margin	\$ 3,716	39.5 %		\$ 3,899	39.9 %	
Decrease in comparable sales on an owned basis	(0.6)%			(2.6)%		
<u>Supplemental Non-GAAP Financial Measures</u>						
Increase (decrease) in comparable sales on an O+L+M basis	0.3 %			(1.8)%		
Adjusted diluted earnings per share	\$ 0.57			\$ 0.80		
Adjusted EBITDA	\$ 717			\$ 802		
Core adjusted EBITDA	\$ 685			\$ 765		

See pages 26 to 28 for reconciliations of the supplemental non-GAAP financial measures to their most comparable GAAP financial measure and for other important information.

	2025	2024
Net sales	\$ 9,411	\$ 9,783
Decrease in comparable sales on an owned basis	(0.6)%	(2.6)%
Increase (decrease) in comparable sales on an O+L+M basis	0.3 %	(1.8)%

Net sales for 2025 decreased \$372 million, or 3.8%, compared to 2024. The decline was mainly due to the closing of 64 non-go-forward locations last year, which contributed to approximately \$340 million of the decline in net sales. Excluding the impact of these store closures, net sales declined 0.3%, driven by weakness at Macy's in the first quarter of 2025 offset by growth at Bloomingdale's and Bluemercury.

	2025		2024	
	\$	% to Net Sales	\$	% to Net Sales
Credit card revenues, net	\$ 306	3.2 %	\$ 242	2.5 %
Macy's Media Network, net	74	0.8 %	71	0.7 %
Other revenue	\$ 380	4.0 %	\$ 313	3.2 %

The increase in other revenues included a \$64 million increase in credit card revenues primarily due to higher profit share, reflecting both a strong credit portfolio and continued active management of credit card losses. Macy's Media Network grew \$3 million, or 4%, compared to 2024, driven by growth in advertiser spend.

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	2025		2024	
	\$	% to Net Sales	\$	% to Net Sales
Cost of sales	\$ (5,695)	60.5 %	\$ (5,884)	60.1 %
Gross margin	\$ 3,716	39.5 %	\$ 3,899	39.9 %

Gross margin rate decreased 40 basis points in 2025 compared to 2024. The decrease in gross margin was primarily driven by proactive markdowns on remaining early Spring assortments and product to maintain inventory health and the flow-through of product bought under the 145% China tariffs.

	2025	2024
SG&A expenses	\$ (3,856)	\$ (3,884)
As a percent to total revenue	39.4 %	38.5 %

SG&A expenses decreased \$28 million, or 0.7%, in 2025 compared to 2024 due to the net impact of the benefit from closed Macy's locations and ongoing cost containment efforts, partially offset by investments in its go-forward business, including Reimagine 125 locations and Bloomingdale's. The increase in SG&A expenses as a percent to total revenue in 2025 was due to a decline in net sales compared to 2024.

	2025	2024
Gains on sale of real estate	\$ 32	\$ 37

Asset sale gains in 2025 reflect the monetization of store locations and right-sizing of the Company's supply chain network while asset sale gains in 2024 mainly related to the sale of one Macy's Furniture location.

	2025	2024
Net interest expense	\$ (51)	\$ (62)

The decrease in net interest expense, excluding loss on extinguishment of debt, in 2025 compared to 2024 was primarily driven by a decrease in interest expense as a result of the debt transactions that occurred in fiscal 2024 and 2025.

	2025	2024
Effective tax rate	31.9 %	27.4 %
Federal income statutory rate	21 %	21 %

Income tax expense of \$58 million and \$80 million, or 31.9% and 27.4% of pretax income, for 2025 and 2024, respectively, reflect a different effective tax rate as compared to the Company's federal income tax statutory rate of 21%. The income tax effective rates for the 26 weeks ended August 2, 2025 and August 3, 2024 were impacted by the effect of state and local taxes and the vesting and cancellation of certain stock-based compensation awards.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash from operations, cash on hand and the Amended & Extended ABL Credit Facility. Material contractual obligations arising in the normal course of business primarily consist of long-term debt and related interest payments, lease obligations, merchandise purchase obligations, retirement plan benefits, and self-insurance reserves. Merchandise purchase obligations represent future merchandise payables for inventory purchased from various suppliers through contractual arrangements and are expected to be funded through cash from operations.

The Company believes that, assuming no change in its current business plan, its available cash, together with expected future cash generated from operations, the amount available under the Amended & Extended ABL Credit Facility, and credit available in the market, will be sufficient to satisfy its anticipated needs for working capital, capital expenditures, and cash dividends for at least the next twelve months and the foreseeable future thereafter.

Capital Allocation

The Company's capital allocation goals include maintaining a healthy balance sheet and investment-grade credit metrics to be best-positioned for access to bank and capital market funding under all economic scenarios, followed by investing in the business through initiatives to drive long-term profitable growth and returning capital to shareholders through dividends and share repurchases.

The Company ended the second quarter of 2025 with a cash and cash equivalents balance of \$829 million, an increase of \$183 million from \$646 million at the end of the second quarter of 2024. The Company is party to an ABL Credit Facility with certain financial institutions providing for a \$2,100 million asset-based credit facility. As of August 2, 2025, borrowing availability was \$1,957 million, which reflects a \$143 million reduction due to standby letters of credit outstanding.

	2025	2024
Net cash provided by operating activities	\$ 255	\$ 137
Net cash used by investing activities	(262)	(373)
Net cash used by financing activities	(471)	(152)

Operating Activities

The net cash provided by operating activities in the current year versus the prior year was primarily driven by decreased working capital requirements as a result of the implementation of our Bold New Chapter strategy as well as a decrease in cash taxes paid, net refunds received.

Investing Activities

The Company's capital expenditures were \$343 million in 2025 compared to \$432 million in 2024. Capital expenditures in the current year are primarily focused on digital and technology investments as well as omni-channel capabilities.

Financing Activities

Dividends

The Company paid dividends totaling \$100 million and \$96 million in 2025 and 2024, respectively.

On August 22, 2025, the Company announced that its Board of Directors declared a regular quarterly dividend of 18.24 cents per share on its common stock, which will be paid on October 1, 2025, to shareholders of record at the close of business on September 15, 2025. Subsequent dividends will be subject to approval of the Board of Directors, which will depend on market and other conditions.

Stock Repurchases

On February 22, 2022, the Board of Directors authorized a \$2,000 million share repurchase program, which does not have an expiration date. During the first half of 2025, the Company repurchased approximately 12.6 million shares of its common stock at an average cost of \$11.96 per share on the open market under its share repurchase program. The Company did not repurchase any shares of its common stock during the first half of 2024. As of August 2, 2025, \$1,224 million remained available under the authorization. Repurchases may be made from time to time in the open market or through privately negotiated transactions in accordance with applicable securities laws, including Rule 10b-18 under the Securities Exchange Act of 1934, on terms determined by the Company.

Debt Transactions

The Company completed the following debt transactions in the first half of 2025:

- On July 29, 2025, the Company completed three debt transactions which resulted in the recognition of \$13 million of losses related to the extinguishment of debt on the Consolidated Statements of Income:
 - Issuance of \$500 million aggregate principal amount of 7.375% senior unsecured notes due August 1, 2033. The Company used the net proceeds from the notes offering, together with cash on hand, to fund the tender offer and redemption described below,
 - Redemption of \$393 million aggregate principal amount of senior notes and debentures and issuance of an irrevocable notice of redemption to redeem \$194 million aggregate principal amount of senior debentures that was settled after the end of the second quarter of 2025, and
 - Completion of a tender offer in which \$251 million aggregate principal amount of senior notes and debentures were tendered for early settlement. The total cash cost for the tender offer was \$255 million.
- On April 9, 2025, the Company entered into an amendment to its ABL Credit Facility which reduced the asset-based credit facility from \$3,000 million to \$2,100 million, extended the maturity date to April 2030 and maintained similar collateral support, but reduced commercial letter of credit fees and unused facility fees. The Company had no outstanding borrowings under the ABL Credit Facility as of August 2, 2025 and August 3, 2024.

Contractual Obligations

As of August 2, 2025, other than the financing transactions discussed in Note 4 to the accompanying Consolidated Financial Statements, there were no material changes to the Company's contractual obligations and commitments outside the ordinary course of business since February 1, 2025, as reported in the Company's 2024 Form 10-K.

Guarantor Summarized Financial Information

The Company had \$1,941 million aggregate principal amount of senior unsecured notes and senior unsecured debentures (collectively the "Unsecured Notes") outstanding as of both August 2, 2025 and February 1, 2025 with maturities ranging from 2027 to 2043. The Unsecured Notes constitute debt obligations of Macy's Retail Holdings, LLC ("MRH" or "Subsidiary Issuer"), a 100%-owned subsidiary of Macy's, Inc. ("Parent" and together with the "Subsidiary Issuer," the "Obligor Group"), and are fully and unconditionally guaranteed on a senior unsecured basis by Parent. The Unsecured Notes rank equally in right of payment with all of the Company's existing and future senior unsecured obligations, senior to any of the Company's future subordinated indebtedness, and are structurally subordinated to all existing and future obligations of each of the Company's subsidiaries that do not guarantee the Unsecured Notes. Holders of the Company's secured indebtedness, including any borrowings under the ABL Credit Facility, will have a priority claim on the assets that secure such secured indebtedness; therefore, the Unsecured Notes and the related guarantees are effectively subordinated to all of the Subsidiary Issuer's and Parent and their subsidiaries' existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness.

The following tables include combined financial information of the Obligor Group. Investments in subsidiaries of \$10,166 million and \$9,905 million as of August 2, 2025 and February 1, 2025, respectively, have been excluded from the Summarized Balance Sheets. Equity in earnings of non-Guarantor subsidiaries of \$402 million and \$761 million for the 13 and 26 weeks ended August 2, 2025 have been excluded from the Summarized Statement of Operations. The combined financial information of the Obligor Group is presented on a combined basis with intercompany balances and transactions within the Obligor Group eliminated.

Summarized Balance Sheets

	August 2, 2025	February 1, 2025
	(in millions)	
ASSETS		
Current Assets	\$ 993	\$ 1,160
Noncurrent Assets	5,620	5,727
LIABILITIES		
Current Liabilities	\$ 1,450	\$ 1,744
Noncurrent Liabilities (a)	6,995	6,493

(a) Includes net amounts due to non-Guarantor subsidiaries of \$2 million and \$1 million as of August 2, 2025 and February 1, 2025, respectively.

Summarized Statement of Operations

	13 Weeks Ended August 2, 2025	26 Weeks Ended August 2, 2025
	(in millions)	
Net sales	\$ 201	\$ 372
Consignment commission income (a)	752	1,453
Other revenue	30	63
Cost of sales	(67)	(154)
Operating loss	(352)	(713)
Loss before income taxes (b)	(271)	(322)
Net loss	(165)	(117)

(a) Income pertains to transactions with ABL Borrower, a non-Guarantor subsidiary.

(b) Includes \$150 million and \$520 million of dividend income from non-Guarantor subsidiaries for the 13 and 26 weeks ended August 2, 2025.

Important Information Regarding 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 and an owned-plus-licensed-plus-marketplace basis, which includes the impact of growth in comparable sales of departments licensed to third parties and marketplace sales, as applicable, assists in evaluating the Company's ability to generate sales growth, whether through owned businesses, departments licensed to third parties or marketplace sales, on a comparable basis, 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 that are not associated with the Company's core operations and that may vary substantially in frequency and magnitude from period-to-period from net income (loss), diluted earnings (loss) per share and EBITDA provide useful supplemental measures that assist in evaluating the Company's ability to generate earnings and leverage sales, respectively, and to more readily compare these metrics between past and future periods. Management also believes that EBITDA, Adjusted EBITDA and Core Adjusted EBITDA are frequently used by investors and securities analysts in their evaluations of companies, and that such supplemental measures facilitate comparisons between companies that have different capital and financing structures and/or tax rates. The Company uses certain non-GAAP financial measures as performance measures for components of executive compensation.

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

The following is a tabular reconciliation of the non-GAAP financial measure of changes in comparable sales on an owned-plus-licensed-plus-marketplace (O+L+M) basis, to GAAP comparable sales (i.e., on an owned basis), which the Company believes to be the most directly comparable GAAP financial measure.

	13 Weeks Ended August 2, 2025	
	Macy's, Inc.	Macy's
Increase in comparable sales on an owned basis (Note 1)	0.8%	0.4%
Impact of departments licensed to third parties and marketplace sales (Note 2)	1.1%	0.8%
Increase in comparable sales on an O+L+M basis	1.9%	1.2%

	13 Weeks Ended August 2, 2025			
	Macy's, Inc. go-forward business	Macy's go-forward business	Bloomingdale's	Bluemercury
Increase in comparable sales on an owned basis (Note 1)	1.1 %	0.7 %	3.6%	1.2%
Impact of departments licensed to third parties and marketplace sales (Note 2)	1.1 %	0.8 %	2.1%	—%
Increase in comparable sales on an O+L+M basis	2.2%	1.5%	5.7%	1.2%

	13 Weeks Ended August 2, 2025	
	Macy's Reimagine 125 locations	
Increase in comparable sales on an owned basis (Note 1)		1.1%
Impact of departments licensed to third parties (Note 2)		0.3%
Increase in comparable sales on an owned-plus-licensed basis		1.4%

MACY'S, INC.

	26 Weeks Ended August 2, 2025
	Macy's, Inc.
Decrease in comparable sales on an owned basis (Note 1)	(0.6%)
Impact of departments licensed to third parties and marketplace sales (Note 2)	0.9%
Increase in comparable sales on an O+L+M basis	0.3%

	13 Weeks Ended August 3, 2024	26 Weeks Ended August 3, 2024
	Macy's, Inc.	
Decrease in comparable sales on an owned basis (Note 1)	(4.0%)	(2.6%)
Impact of departments licensed to third parties and marketplace sales (Note 2)	0.7%	0.8%
Decrease in comparable sales on an O+L+M basis	(3.3%)	(1.8%)

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 2, 2025 and August 3, 2024. 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 their stores and online, including Macy's and Bloomingdale's digital Marketplace, 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.

MACY'S, INC.
EBITDA, Adjusted EBITDA and Core Adjusted EBITDA

The following is a tabular reconciliation of the non-GAAP financial measure EBITDA, adjusted EBITDA and core adjusted EBITDA to GAAP net income, which the Company believes to be the most directly comparable GAAP measure.

	13 Weeks Ended August 2, 2025	13 Weeks Ended August 3, 2024	26 Weeks Ended August 2, 2025	26 Weeks Ended August 3, 2024
	(millions)			
Net income	\$ 87	\$ 150	\$ 124	\$ 212
Interest expense - net	25	31	51	62
Loss on extinguishment of debt	13	—	17	—
Federal, state and local income tax expense	28	45	58	80
Depreciation and amortization	218	213	437	429
EBITDA	371	439	687	783
Impairment, restructuring and other costs (benefits)	22	(1)	30	19
Adjusted EBITDA	393	438	717	802
Gains on sale of real estate	(16)	(36)	(32)	(37)
Core adjusted EBITDA	\$ 377	\$ 402	\$ 685	\$ 765

Adjusted Net Income and Adjusted Diluted Earnings Per Share

The following is a tabular reconciliation of the non-GAAP financial measures adjusted net income to GAAP net income and adjusted diluted earnings per share to GAAP diluted earnings per share, which the Company believes to be the most directly comparable GAAP measures.

	13 Weeks Ended August 2, 2025		13 Weeks Ended August 3, 2024	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
	(millions, except per share figures)			
As reported	\$ 87	\$ 0.31	\$ 150	\$ 0.53
Impairment, restructuring and other costs (benefits)	22	0.08	(1)	—
Loss on extinguishment of debt	13	0.05	—	—
Income tax impact of certain items noted above	(9)	(0.03)	—	—
As adjusted to exclude certain items above	\$ 113	\$ 0.41	\$ 149	\$ 0.53

	26 Weeks Ended August 2, 2025		26 Weeks Ended August 3, 2024 ¹	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
	(millions, except per share figures)			
As reported	\$ 124	\$ 0.44	\$ 212	\$ 0.75
Impairment, restructuring and other costs	30	0.11	19	0.07
Loss on extinguishment of debt	17	0.06	—	—
Income tax impact of certain items noted above	(12)	(0.04)	(5)	(0.02)
As adjusted to exclude certain items above	\$ 159	\$ 0.57	\$ 226	\$ 0.80

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to the Company's market risk as described in the Company's 2024 10-K. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the 2024 10-K.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have carried out, as of August 2, 2025, with the participation of the Company's management, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of August 2, 2025, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports the Company files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission (the "SEC") rules and forms, and that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

From time to time adoption of new accounting pronouncements, major organizational restructuring and realignment occurs for which the Company reviews its internal control over financial reporting. As a result of this review, there were no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION**Item 1. Legal Proceedings.**

The Company and its subsidiaries are involved in various proceedings that are incidental to the normal course of their businesses. As of the date of this report, the Company does not expect that any of such proceedings will have a material adverse effect on the Company's financial position or results of operations.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes to the Risk Factors described in Part I, Item 1A."Risk Factors" in the Company's 2024 Form 10-K. The risk factor below is revised to read as follows:

Supply Chain and Third-Party Risks

We depend on vendors and other sources of merchandise, goods and services outside the U.S. Our business has been and could in the future continue to be affected by disruptions in, or other legal, regulatory, political, economic or public health issues associated with, our supply network.

We depend on vendors for timely and efficient access to products we sell. We source the majority of our merchandise from manufacturers located outside the U.S., primarily Asia. In the normal course of business, we provide credit enhancement to our vendors to support accounts receivable factoring and financing with third parties. Current economic conditions may adversely impact our vendors and they may be unable to access financing or become insolvent and unable to supply us with products, or we may be required to increase cash collateral levels or provide guarantees to support our vendors' financing arrangements. Any major changes in tax policy, such as the disallowance of tax deductions for imported merchandise could have a material adverse effect on our business, results of operations and liquidity.

We have experienced delays in merchandise inventory receipts and product delivery due to a shortage of vessels and air freight, port congestion, worker shortage impacting shipping and ports, truck driver shortages, rail congestion at major freight hubs and increased demand for consumer goods. Although these delays have not materially impacted our operations to date, they could potentially have a material adverse impact on future product availability, product mix and sales if the delays escalate. We have also experienced increases in shipping rates from Trans-Pacific ocean carriers due to increases in spot market rates and shortage of shipping capacity from China and other parts of Asia and increases in trucking costs due to truck driver shortages and fuel costs.

The procurement of all our goods and services is subject to the effects of price increases, which we may or may not be able to pass through to our customers. Our procurement of goods and services from outside the U.S. is subject to risks associated with political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs, health pandemics, armed conflicts and other factors relating to foreign trade. All of these factors may affect our ability to access suitable merchandise on acceptable terms, are beyond our control and could negatively affect our business and results of operations.

We source certain of our private label products from factories in China, Vietnam, India, Indonesia, Cambodia and other countries. Since 2017, the U.S. and China have been engaged in a trade dispute that has involved a number of actions against China including the imposition of tariffs on Chinese imports; sanctions on Chinese military-industrial complex companies; stricter reviews of direct investments in the U.S. by Chinese companies; and detention by U.S. Customs of products made in Xinjiang involving alleged human rights violations, which have or may prompt countersanctions or other retaliatory actions from the Chinese government. In addition, differing policies on China–Taiwan and the Russia–Ukraine war have further strained relations between the countries. These geopolitical, trade and investment tensions have created additional uncertainty and increased risk in doing business in China, including potential supply disruptions and higher costs of our products sourced or imported from China.

Beginning in February 2025, the Trump Administration has imposed tariffs on products imported from more than 90 countries including Canada, Mexico, China and other United States trading partners. Strategic price increases are expected across our product categories as a result of these tariffs imposed on countries from which we source. While we have included assumptions on gross margin impact and other assumptions in our earnings guidance that we believe are reasonable, the amount and timing of any price increases and the extent to which the increases will be absorbed by or shared with vendors or can be passed on to consumers is not fully known. In addition, volatility in tariff rates and trade policy is creating uncertainty among businesses and consumers that to a certain extent has already and may continue to negatively impact demand for consumer discretionary products and contribute to a heightened competitive promotional landscape. Increased prices and reduced demand for the products we sell could have a material adverse impact on our business, results of operations and profitability.

We continue to evaluate the impact of currently effective tariffs, including potential future retaliatory tariffs, as well as other recent changes in foreign trade policy and the U.S. Administration on our supply chain, costs, sales and profitability, and are

working through strategies to mitigate such impact, including reviewing sourcing options and working with our vendors and merchants. The mitigation strategies we have taken or may take in the future, may not be effective or be able to be effectuated in a timely manner, or at all. At this time, it is unknown how long U.S. tariffs on Chinese goods will remain in effect or whether additional tariffs between the U.S. and China and other countries will be imposed. Depending upon their duration and implementation, as well as our ability to mitigate their impact, these changes in foreign trade policy and any recently enacted, proposed and future tariffs on products imported by us from China and other countries, as well as general uncertainty in the tariff environment, could negatively impact our business, results of operations and liquidity if they seriously disrupt the movement of products through our supply chain or increase their cost.

If our vendors, or any raw material vendors on which our vendors or our private label business relies, suffer prolonged manufacturing or transportation disruptions due to public health conditions or other unforeseen events, our ability to source product could be adversely impacted which would adversely affect our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information regarding the Company's purchase of Common Stock during the second quarter of 2025.

	Total Number of Shares Purchased (thousands)	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a) (thousands)	Maximum Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (a) (\$) (millions)
May 4, 2025 - May 31, 2025	—	\$ —	—	\$ 1,274
June 1, 2025 - July 5, 2025	—	11.49	—	1,274
July 6, 2025 - August 2, 2025	3,965	12.61	3,965	1,224
	<u>3,965</u>	<u>\$ 12.61</u>	<u>3,965</u>	

(a) On February 22, 2022, the Company announced that its Board of Directors authorized a \$2,000 million share repurchase program, which does not have an expiration date. As of August 2, 2025, \$1,224 million of shares remained available for repurchase pursuant to this authorization. The Company may continue, discontinue or resume purchases of common stock under this authorization or possible future authorizations in the open market, in privately negotiated transactions or otherwise at any time and from time to time without prior notice.

Item 5. Other Information.

Forward-Looking Statements

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission contain or may contain forward-looking statements. Such statements are based upon the beliefs and assumptions of, and on information available to, the management of the Company at the time such statements are made. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "think," "estimate" or "continue" or the negative or other variations thereof and (ii) statements regarding matters that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties, including risks and uncertainties relating to:

- the possible invalidity of the underlying beliefs and assumptions;
- the Company's ability to successfully implement A Bold New Chapter strategy, including the ability to realize the anticipated benefits within the expected time frame or at all;
- the success of the Company's operational decisions, including product sourcing, merchandise mix and pricing, and marketing and strategic initiatives, such as growing its digital channels, expanding the Company's off-mall store presence and modernizing its technology and supply chain infrastructures;
- competitive pressures from department stores, specialty stores, general merchandise stores, manufacturers' outlets and websites, off-price and discount stores, and all other retail channels, including digitally-native retailers, social media and catalogs;
- the Company's ability to remain competitive and relevant as a modern department store as consumers' shopping behaviors continue to migrate to other shopping channels;
- transactions and strategy involving the Company's real estate portfolio;
- the seasonal nature of the Company's business;

- colleague costs, inclusive of wage inflation and cost of benefits as well as attracting and retaining quality colleagues;
- declines in the Company's credit card revenues;
- the Company's ability to maintain its brand image and reputation;
- possible systems failures and/or security breaches or other types of cybercrimes or cybersecurity attacks, including any security breach that results in the theft, transfer or unauthorized disclosure of customer, employee or company information, or the failure to comply with various laws applicable to the Company in the event of such a breach;
- possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, including supply chain disruptions, inventory shortage, labor shortages, wage pressures and rising inflation, and their related impact on costs;
- possible actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors, banks and other financial institutions, and legislative, regulatory, judicial and other governmental authorities and officials;
- changes in relationships with vendors and other product and service providers;
- the Company's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional and global health pandemics, and regional political and economic conditions;
- duties, taxes, tariffs, other charges and quotas on imports;
- the possible inability of the Company's manufacturers or transporters to deliver products in a timely manner or meet the Company's quality standards;
- general consumer shopping behaviors and spending levels, the impact of changes in general economic conditions, consumer disposable income levels, consumer confidence levels, the availability, cost and level of consumer debt, and the costs of basic necessities and other goods;
- the effects of weather and natural disasters, including the impact of climate change and health pandemics, on the Company's business, including the ability to open stores, customer demand and its supply chain, as well as our consolidated results of operations, financial position and cash flows;
- unstable political conditions, civil unrest, terrorist activities and armed conflicts, including the ongoing conflict between Russia and Ukraine and the Israel-Hamas war;
- currency, interest and exchange rates and other capital market, economic and geo-political conditions;
- the potential for the incurrence of charges in connection with the impairment of tangible and intangible assets, including goodwill;
- the Company's level of indebtedness;
- the Company's ability to declare and pay future dividends and continue its share repurchases; and
- the Company's ability to execute on its strategies or achieve expectations related to environmental, social, and governance matters.

In addition to any risks and uncertainties specifically identified in the text surrounding such forward-looking statements, the statements in the immediately preceding sentence and the statements under captions such as "Risk Factors" in reports, statements and information filed by the Company with the SEC from time to time constitute cautionary statements identifying important factors that could cause actual amounts, results, events and circumstances to differ materially from those expressed in or implied by such forward-looking statements.

Trading Arrangements

None of the Company's directors or "officers" (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended August 2, 2025.

Item 6. Exhibits.

- 4.1 [Indenture, dated as of July 29, 2025, by and among Macy's Retail Holdings, LLC, as issuer, Macy's, Inc., as guarantor, and U.S. Bank Trust Company, National Association, as trustee, relating to Macy's Retail Holdings, LLC's 7.375% Senior Notes due 2033 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 29, 2025\)](#)
- 22 [List of Subsidiary Guarantors](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\)](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\)](#)
- 32.1 [Certification by Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act](#)
- 32.2 [Certification by Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act](#)
- 101 The following financial statements from Macy's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended August 2, 2025, filed on September 10, 2025, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MACY'S, INC.

By:

/s/ TRACY M. PRESTON

Tracy M. Preston
Chief Legal Officer and Corporate Secretary

By:

/s/ PAUL GRISCOM

Paul Griscom
Senior Vice President and Controller

Date: September 10, 2025

Subsidiary Guarantors and Issuers of Guaranteed Securities

Issuer of Guaranteed Securities

Macy's Retail Holdings, LLC (fka Macy's Retail Holdings, Inc.), a direct wholly-owned subsidiary of Macy's, Inc., is the issuer of securities listed below subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that are guaranteed by Macy's, Inc.

Guaranteed Securities

6.79% Senior debentures due 2027
7.875% Senior debentures due 2030
6.9% Senior debentures due 2032
6.7% Senior debentures due 2034
4.5% Senior notes due 2034
6.375% Senior notes due 2037
5.125% Senior notes due 2042
4.3% Senior notes due 2043

CERTIFICATION

I, Tony Spring, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macy's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 10, 2025

/s/ Tony Spring

Tony Spring
Chief Executive Officer

CERTIFICATION

I, Adrian Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macy's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 10, 2025

/s/ Adrian Mitchell

Adrian Mitchell

Executive Vice President, Chief Operating Officer and Chief Financial Officer

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended August 2, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

September 10, 2025

/s/ Tony Spring

Name: Tony Spring

Title: Chief Executive Officer

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended August 2, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

September 10, 2025

/s/ Adrian Mitchell

Name: Adrian Mitchell

Title: Executive Vice President, Chief Operating Officer and Chief Financial Officer