

Risk Factors Comparison 2025-03-21 to 2024-03-22 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

In evaluating the Company, the risks described below and the matters described under “ Forward- Looking Statements ” should be considered carefully. Such risks and matters are numerous and diverse, may be experienced continuously or intermittently, and may vary in intensity and effect. Although the risks are organized by heading, and each risk is described separately, many of the risks are interrelated. Any of such risks and matters, individually or in combination, could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as on the attractiveness and value of an investment in the Company' s securities. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, financial condition, results of operations or cash flows in the future. Strategic, Operational and Competitive Risks Our strategic plans and initiatives may not be successful, which could negatively affect our profitability and growth. In 2024, we announced ~~the~~ **A Bold New Chapter**, a strategy designed to ~~enhance~~ **return** the **Company to enterprise customer experience, deliver sustainable, profitable growth and, unlock shareholder value over, improve the next omni- channel experience and better serve its customers. The three - years - year - **The strategy builds on the five growth factors and focuses on three strategic priorities:** • Strengthen ~~and reimagine~~ **Macy' s nameplate** through **rationalizing revitalizing merchandise assortment, modernizing the shopping environment and store base by** closing **and monetizing** approximately 150 underperforming stores and prioritizing investment in approximately 350 go- forward stores, **launching the First 50 and continued expansion of small format stores Stores, revitalizing merchandise assortment, and growing digital ;** • Accelerate **and differentiate** luxury growth by expanding Bloomingdale' s and Bluemercury within the Macy' s, Inc. nameplate portfolio; and • Simplify and modernize end- to- end operations through rationalizing and monetizing the supply chain asset portfolio, streamlining fulfillment, improving inventory planning and allocation, and delivering a modern, scalable technology platform. We plan to make value- enhancing investments to support these initiatives primarily focused on digital and technology, data and analytics, supply chain modernization and omni- channel capabilities. These initiatives have required and will continue to require our management, colleagues, and contractors to make changes in our business operations and to improve productivity and profitability, and are subject to the ability to attract and retain skilled personnel to support the initiatives. We face challenges in executing ~~the~~ **A Bold New Chapter** strategy and initiatives in the current environment of heightened inflation, increased interest rates, economic uncertainty, geopolitical disruption and other macroeconomic conditions that may impact discretionary spending. Our ability to achieve sustainable, profitable growth is subject to the successful implementation of our strategic plans and realization of anticipated benefits and savings. If we are unable to successfully execute our strategic plans and initiatives to achieve the intended results or these investments or initiatives do not perform as expected or create implementation or operational challenges, our profitability and growth could suffer. We may not timely identify or effectively respond to consumer needs, expectations, or trends, which could adversely affect our relationship with customers, the demand for our products and services, and our market share. The success of our business depends in part on our ability to identify and respond to evolving trends in demographics, shifts in consumer preferences, expectations and needs, unexpected weather conditions, public health issues or natural disasters, while also managing appropriate inventory levels in our stores and distribution or fulfillment centers and maintaining an excellent customer experience. It is difficult to successfully predict the products and services our customers will demand. As customers expect a more personalized experience, our ability to collect, use and protect relevant customer data is important to our ability to effectively meet their expectations, but is subject to the impact of legislation or regulations governing data privacy, security and other external factors. Customer preferences and expectations related to sustainability of products and operations are also increasing. If we do not successfully differentiate the shopping experience to meet the individual needs and expectations of or within a customer group, we may lose market share with respect to those customers. Our sales and operating results depend on our ability to manage our inventory, merchandise selection and protect against inventory shortage. Our profitability depends on our ability to manage inventory levels and merchandise selection. Overestimating customer demand for merchandise can result in the need to record unplanned and incremental inventory ~~markdowns~~ **discounts or liquidations** and sell excess inventory at clearance prices, which would negatively impact our gross margins and operating results. Underestimating customer demand for merchandise can lead to insufficient inventory to meet demands, missed sales opportunities and negative customer experiences. If we are unable to protect against inventory shortage, our results of operations and financial condition could be adversely affected. The Company faces significant competition and challenges as consumers continue to migrate to ~~digital~~ **other** shopping channels and depends on its ability to differentiate itself in retail' s ever- changing environment. We conduct our retail merchandising business under highly competitive conditions. Although Macy' s, Inc. is one of the nation' s largest retailers, we have numerous and varied competitors at the national and local levels and digital competitors at the global level, including department stores, specialty stores, general merchandise stores, manufacturers' outlets and websites, off- price and discount stores, online retailers and catalogs, among others. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability. Any failure by us to compete effectively could negatively affect our business and results of operations. ~~We~~ **As consumers continue to migrate to digital shopping channels, we** face pressures to not only compete from a price perspective with our competitors, some of whom sell the same products, but also to differentiate Macy' s, Inc.' s merchandise offerings, services and shopping experiences to stay relevant as a modern department store in retail' s ever-**

changing environment. Macy's launched On 34th and State of Day, new private brands, in 2023 and February 2024, respectively, **refreshed I. N. C. and Style & Co. brands in 2023 through 2024**, and expects to refresh or replace all existing brands in its private brands portfolio through 2025. Macy's digital marketplace offers **a variety of over 2,300** brands from third party sellers and the Company launched a Bloomingdale's marketplace in 2023 to introduce customers to new merchandise options. We continue to **significantly invest in our omni-channel capabilities, seeking focusing on search engine optimization, site enhancements, and more transparent pricing, and seek** to improve the **customer experience** profitability of our digital business through **faster online** delivery expense reduction, gross margin expansion and **higher product in-stocks** other initiatives to support digital sales growth. We continue to seek to improve the delivery experience of our customers with strategic investments to fulfill digital sales demand and elevated delivery speed expectations. Insufficient, untimely or misguided investments in these areas could significantly impact our profitability and growth. In addition, a significant decline **of in** customer store traffic or migration of sales from brick- and- mortar stores to digital platforms could lead to additional store closures, restructuring and other costs that could adversely impact our results of operations and cash flows. Our ability to grow depends in part on our stores remaining relevant and attractive to customers. We **have invested launched the First 50 Stores as a key component of the Bold New Chapter strategy to test initiatives such as focused staffing in key departments facilities and fixtures upgrades, enhanced merchandise assortment offerings, modern visual presentations and unique customer service in selected stores- store-level activations to improve customer retention rates and community events overall customer satisfaction.** We have opened new off- mall smaller store formats – Macy's small format **and, Bloomie's and Bloomingdale's the Outlet** – in selected markets to act as fill- in locations in existing markets to gain foot traffic and a new customer base, replacement locations in markets where an underperforming full- line location closure would result in a market exit, and to enter new markets. In 2022, we introduced permanent Toys “ R ” Us shops within all Macy's locations. While these store investments, off- mall store formats, and in- store shops are intended to improve the customer store experience and drive traffic, realization of these benefits may not occur. Because we rely on the ability of our physical retail locations to attract customers, provide full or curated merchandise selections, drive traffic to digital channels and assist in fulfillment, returns and other omni-channel functions, providing a desirable and sought- out shopping experience is important to our financial success. Changes in consumer shopping habits, **a continued** decline in mall shopping environments, financial difficulties at other anchor tenants, significant mall vacancy issues, mall violence and new on- and off- mall developments could each adversely impact the traffic at current retail locations and lead to a decline in our financial condition or performance. We may not be able to successfully execute our real estate strategy. We **may** continue to explore opportunities to monetize our real estate portfolio, including sales of stores as well as non- store real estate, such as warehouses, outparcels and parking garages. We also continue to evaluate our real estate portfolio to identify opportunities where the redevelopment value of our real estate exceeds the value of non- strategic operating locations. This strategy is multi- pronged and may include transactions, strategic alliances or other arrangements with mall developers or other unrelated third- parties. Where feasible, we may subdivide an existing parcel, continue to operate a store and redevelop any excess parcel for mixed- use, or close the store and redevelop an entire parcel into a mixed- use development, in either event selling the parcel once the site development plan is approved by governmental authorities. Due to the cyclical nature of real estate markets and the risks of real estate development, the performance of our real estate strategy is inherently volatile and could have a significant impact on our results of operations or financial condition. Our revenues and cash requirements are affected by the seasonal nature of our business. Our business is seasonal, with a high proportion of revenues and operating cash flows generated during the second half of the year, which includes the fall and the months of November and December. A disproportionate amount of our revenues is realized in the fourth quarter due to this seasonality. Should sales during this period fall below our expectations, a disproportionately negative impact on our annual results of operations could occur. We generally incur significant additional expenses in the period leading up to the months of November and December in anticipation of higher sales volume in those periods, including costs for additional inventory, advertising and employees. If we are not successful in executing our sales strategy during this period, we may have to sell the inventory at significantly reduced prices or may not be able to sell the inventory at all, which could have a material adverse effect on our results of operations and cash flows. We depend on our ability to attract, train, develop and retain quality colleagues. Our business is dependent upon attracting, training, developing and retaining quality employees at all levels of the organization, and management personnel to develop and effectively execute successful business strategies. Macy's, Inc. has a large number of employees, many of whom are in entry level or part- time positions with historically high rates of turnover. Our ability to meet labor needs while controlling costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics. In recent years, low unemployment, labor shortages, intense competition for talent and a competitive wage environment have impacted our ability to attract, recruit and retain talent. Increases in labor costs and the cost of employee benefits could impact our financial results and cash flow. Minimum wage increases by states and wage and benefit increases to attract and retain workers in a tight labor market have increased labor costs in the retail sector. These increased costs pressure our margins and could have a negative impact on our financial results. Our expenses relating to employee health benefits are significant. **Recent medical Medical** plan cost increases have been driven by **factors such as** a rise in high- cost claimants, high- cost conditions, high utilization of outpatient facilities, physicians and in- hospital stays, and demographic shifts to an older enrollment population. Unfavorable changes in the cost of employee health benefits could negatively affect our financial results and cash flow. If revenue from our private label and co- branded credit cards decline, our financial and operational results may be negatively impacted. In 2005, in connection with the sale of most of the Company's credit card accounts and related receivable balances to Citibank, N. A. (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),

pursuant to which Citibank issues, maintains and services Macy's and Bloomingdale's private label and co-branded credit cards. Under the Program Agreement, which extends until March 31, 2030, Citibank owns the credit card receivables generated from sales through the credit cards and **the Company** Macy's receives fees and shares in profits based on a tiered return on the receivables portfolio net of program expenses. Credit card revenues, net were \$ **619-537** million, or approximately 2. **74**% of net sales, for **2023-2024**. Deterioration in economic conditions could adversely affect the volume of new credit accounts, the amount of credit card program balances and the ability of credit card holders to pay their balances. These conditions could result in the Company receiving lower payments under the credit card program. In addition, ~~recent~~ shifts from sales through our proprietary credit cards to debit products and alternative buy- now- pay- later payment methods may result in increased costs and could have a negative impact to credit card revenues due to potentially reduced credit card receivable balances. Credit card operations are subject to many federal and state laws that may impose certain requirements and limitations on credit card providers. Citibank and our subsidiary bank, FDS Bank, may be required to comply with regulations that may negatively impact the operation of our proprietary credit card. This negative impact may affect our revenue streams derived from the credit cards receivables portfolio and our financial results. In March 2024, the Consumer Financial Protection Bureau finalized a rule to amend Regulation Z to lower the safe harbor dollar amount credit card companies can charge for late fees from up to \$ 41 to \$ 8 for a missed payment. **The rule has been stayed as a result of ongoing litigation.** A decrease in late fees assessed would reduce credit card revenue. The Company is closely monitoring developments on this matter. Our defined benefit plan funding requirements or plan settlement expense could impact our financial results and cash flow. Significant changes in interest rates, decreases in the fair value of plan assets and timing and amount of benefit payments could affect the funded status of our plans and could increase future funding requirements of the plans. A significant increase in future funding requirements could have a negative impact on our cash flows, financial condition or results of operations. These plans allow eligible retiring employees to receive lump sum distributions of benefits earned. Under applicable accounting rules, if annual lump sum distributions exceed an actuarially determined threshold of the total of the annual service and interest costs, we would be required to recognize in the current period of operations a settlement expense of a portion of the unrecognized actuarial loss, which could have a negative impact on our results of operations. If our Company's reputation and brand image are not maintained at a high level, our operations and financial results may suffer. We believe our reputation and brand image are partially based on the perception that we act equitably and honestly in dealing with our customers, employees, business partners and shareholders. Our reputation and brand image may be deteriorated by any incident that erodes the trust or confidence of our customers or the general public, particularly if the incident results in significant adverse publicity or governmental inquiry. Information about us, whether or not true, may be instantly posted on social media platforms at any time, which could adversely impact our reputation or brand image. The harm could be immediate without affording us an opportunity for redress or correction. Other brand risks include an active shooter incident at a location or injury or death at a parade or other branded event. If our reputation or brand image is damaged, our customers may refuse to continue shopping with us, potential employees may be unwilling to work for us, business partners may be discouraged from seeking future business dealings with us and, as a result, our business and results of operations may suffer. If we are unable to protect our intellectual property, our brands and business could be damaged. We believe that our copyrights, trademarks, trade dress, trade secrets and similar intellectual property are important assets and key elements of our strategy, including those related to our private brand merchandise. We rely on copyright and trademark law, trade secret protection and confidentiality agreements with our employees, consultants, vendors and others to protect our proprietary rights. If the steps we take to protect our proprietary rights are inadequate, or if we are unable to protect or preserve the value of our copyrights, trademarks, trade secrets and other proprietary rights for any reason, our merchandise brands and business could be negatively affected. Infrastructure Risks Unforeseen disruptions in our distribution and fulfillment centers could have an adverse impact on our business and operations. Our business depends on the orderly receipt and distribution of merchandise and effective management of our distribution and fulfillment centers. Unforeseen disruptions in operations due to fire, severe weather conditions (including those that may be caused by climate change), natural disasters, health pandemics or other catastrophic events, labor disagreements, or other shipping problems may result in the loss or unavailability of inventory and / or delays in the delivery of merchandise to our stores, fulfillment centers and customers. Failure of a key information technology system or process could adversely affect our business. We rely extensively on information technology systems and related personnel to collect, analyze, process, store, manage, transmit and protect transactions and data. Some of these systems are managed or provided by third- party service providers, including certain cloud platform providers. In managing our business, we also rely heavily on the integrity and security of, and consistent access to, this operational and financial data for information such as sales, customer data, employee data, demand forecasting, merchandise ordering, inventory replenishment, supply chain management, payment processing, order fulfillment, customer service, and post- purchase matters. For these information technology systems, applications and processes to operate effectively, we or our service providers must maintain and update them. Delays in the maintenance, updates, upgrading or patching of these systems, applications or processes could impair, and on occasion have impaired, their effectiveness or expose us to security risks. Our systems and the third- party systems with which we interact are subject to, and on occasion have experienced, damage or interruption from a number of causes, including power and other critical infrastructure outages, computer and telecommunications failures, computer viruses, security breaches, internal or external data theft or misuse, cyberattacks, responsive containment measures by us that may involve voluntarily taking systems off line, natural disasters and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes or other extreme weather events, public health concerns such as pandemics, military conflicts, acts of war, terrorism or civil unrest, other systems outages, inadequate or ineffective redundancy, and design or usage errors or malfeasance by our employees, contractors or third- party service providers. Although we and our third- party service providers seek to maintain our respective systems effectively and to successfully address the risk of compromise of the integrity, security and consistent operations of these systems, these efforts are not always successful. As a result, we or our service providers could experience errors, interruptions,

delays or cessations of service in key portions of our information technology infrastructure, which could significantly disrupt our operations or impair data security, impact our ability to operate or access communications, financial or banking systems, be costly, time consuming and resource-intensive to remedy and adversely impact our reputation and relationship with customers, suppliers, shareholders or regulators. We are making, and expect to continue to make, substantial investments in our information technology systems, infrastructure and personnel, in some cases with the assistance of strategic partners and other third-party service providers. These investments involve replacing existing systems, some of which are older, legacy systems, outsourcing certain technology and business processes to third-party service providers, including the adoption of Generative **artificial intelligence ("AI")** in certain processes, making changes to existing systems including the migration of applications to the cloud, maintaining or enhancing legacy systems, or designing or acquiring new systems. These efforts can result in significant potential risks, including failure of the systems to operate as designed, potential loss or corruption of data, changes in security processes and internal controls, cost overruns, implementation delays or errors and disruption of operations. **AI creates business, legal and ethical challenges. We use AI as a tool designed to improve customer experience and operational efficiency. AI tools assist us in areas such as customer service, supply chain, personalization, coding, human resources queries, security, marketing and advertising. We include AI in our annual compliance training and maintain guidelines requiring internal review and approval for certain AI tools. Even with careful governance, use of AI can produce incorrect output, release private or confidential information, reflect biases, or violate intellectual property rights. These risks could have adverse business, legal or regulatory impact or harm our reputation.** Disruptions in our customer-facing technology systems could impair our digital retail strategy and give rise to negative customer experiences. Through our information technology systems, we are able to provide an improved overall shopping experience that empowers our customers to shop and interact with us from a variety of electronic devices and digital platforms. We use our digital platforms as sales channels for our products and services, as methods of providing inspiration and advertising through Macy's Media Network, and as sources of product and other relevant information to our customers to help drive sales. We also have multiple online communities, digital platforms and knowledge centers that allow us to inform, assist and interact with our customers. The retail industry is continually evolving and expanding, with a significant increase in sales initiated online and via mobile applications. We must effectively respond to new developments and changing customer preferences with respect to a digital and interconnected experience. We continually seek to enhance our online and digital properties to provide an attractive, user-friendly interface for our customers. Disruptions, delays, failures or other performance issues with these customer-facing technology systems, or a failure of these systems to meet our or our customers' expectations, could impair the benefits they provide to our business and negatively affect our relationship with our customers and, as a result, our financial performance and results of operations. Information Security, Cybersecurity, Privacy and Data Management Risks A breach of our information technology systems could adversely affect our reputation, business partner and customer relationships and operations, and result in higher costs. Through our sales, marketing activities, and use of third-party information, we collect and store certain non-public personal information that customers provide to purchase products or services, enroll in promotional programs, register on websites, or otherwise communicate to us. This may include phone numbers, driver license numbers, contact preferences, personal information stored on electronic devices, and payment information, including credit and debit card data. We gather and retain information about employees in the normal course of business. We may share sensitive Company data with vendors that assist with certain aspects of our business, such as social media and data analytics firms. In addition, our digital operations depend upon the transmission of confidential information over the internet, such as information permitting cashless payments. We employ safeguards for the protection of this information and have made significant investments to secure access to our information technology network, the importance of which has increased due to many of our colleagues working remotely. For instance, we have implemented authentication protocols, installed firewalls and anti-virus / anti-malware software, established data security breach preparedness and response plans, conduct continuous risk assessments, and mitigate software vulnerability with security patches. We also employ encryption and other methods to protect our data, promote security awareness with our employees and work with business partners in an effort to create secure and compliant systems. Protections we have in place to safeguard this information may be compromised as a result of third-party security breaches, theft, cyberattacks, including the use of malicious codes, worms, phishing, spyware, denial of service attacks and ransomware errors by employees or employees of third-party vendors, or contractors, misappropriation of data by employees, vendors or unaffiliated third-parties, or other irregularities that may result in persons obtaining unauthorized access to Company data. Retail data frequently targeted by cybercriminals includes consumer credit card data, personally identifiable information, including social security numbers, and health care information. For retailers, point of sale and e-commerce websites are often attacked through compromised credentials, including those obtained through phishing, vishing and credential stuffing. Other methods of attack include advanced malware, the exploitation of software and operating vulnerabilities, and physical device tampering / skimming at card reader units. We believe these attack methods will continue to evolve. In addition, **AI tools may provide hackers the risk of cyber-based attacks is heightened with many more sophisticated methods of cyberattacks our employees working and accessing our technology infrastructure remotely.** Cyber threats are increasing in scope, sophistication and frequency and bad actors are exploiting vulnerabilities to gain access to networks for the purpose of implementing ransomware, which is used to encrypt and steal data both from main and backup systems and causes public-facing business interruptions. Our ability to react, mitigate and restore services from an interruption of our systems and processes is key to avoiding adverse financial impacts resulting from loss of sales, services and the cost of paying a ransom. Remote work has also created additional challenges to our ability to protect remote workers, corporate networks and cloud environments. We are identifying, tracking and mitigating advanced phishing, malware and attempted credential compromises daily. These attacks are typically occurring on home networks and migrate to the corporate network. However, despite instituting controls for the protection of information, the techniques used to obtain unauthorized access, disable or degrade service change frequently and our systems and networks may

nevertheless remain vulnerable to threats and attacks. To date, no cybersecurity incident or attack has had a material impact on our business or results of operations. Unauthorized parties may attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery, or other forms of deception to employees, contractors, vendors and temporary staff. During the normal course of business, we have experienced and expect to continue to experience attempts to compromise our information systems. We may be unable to protect the integrity of our systems or company data. An alleged or actual unauthorized access or unauthorized disclosure of non- public personal information could: • materially damage our reputation and brand, negatively affect customer satisfaction and loyalty, expose us to individual claims or consumer class actions, administrative, civil or criminal investigations or actions, and infringe on proprietary information; and • cause us to incur substantial costs, including costs associated with remediation of information technology systems, customer protection costs and incentive payments for the maintenance of business relationships, litigation costs, lost revenues resulting from negative changes in consumer shopping patterns, unauthorized use of proprietary information or the failure to retain or attract customers following an attack. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be unavailable or insufficient to cover all losses or all types of claims that may arise in the continually evolving area of cyber risk.

Supply Chain and Third- Party Risks Our private brand products subject us to certain increased risks, including regulatory, product liability, intellectual property, supplier relations and reputational risks. As we expand our private brand offerings, we may become subject to increased risks due to our greater role in the design, manufacture, marketing and sale of those products. Risks include greater responsibility to administer and comply with applicable regulatory requirements, increased potential product liability and recall exposure, and increased potential reputational risks related to the responsible sourcing of those products. To effectively execute on our private brand strategy, we must also be able to successfully protect our proprietary rights and navigate and avoid claims related to the proprietary rights of third parties. An increase in sales of our private brand products may adversely affect sales of our vendors' products and, in turn, our relationships with certain of our vendors. Any failure to appropriately address these risks could damage our reputation and have an adverse effect on our business and results of operations. 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 a significant amount** of our private label products from factories in China ~~and, to a lesser extent, from factories in~~ Vietnam, India, Indonesia, Jordan 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. **In recent years On February 1, the U. S. has been engaged in extended trade negotiations with 2025, President Trump issued executive orders imposing a 25 % tariff on products imported from Canada and Mexico (initially suspended for 30 days) and a 10 % tariff on products imported from China, which has resulted effective February 4, 2025. An additional 10 % increase in the implementation of China tariffs became effective March 4, 2025. Tariffs on imports from Canada and Mexico became effective March 4, 2025, but were later subject to broad exemptions effective March 7, 2025. While previous tariffs on Chinese goods a significant number of products manufactured in China and imported into the U. S. While recent tariffs and modifications to trade agreements have not resulted in a material impact on our business, results of operations, and liquidity to date, these new tariffs or any additional actions, if ultimately enacted such as "reciprocal" tariffs on U. S. trading partners to address trade imbalances, could negatively impact our ability and the ability of our third- party vendors and suppliers to source products from foreign jurisdictions, which could lead to an increase in the cost of goods and adversely affect the Company' s profitability. Tariffs passed on to consumers through higher prices can also negatively impact consumer confidence and discretionary spending.** 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. At this time, it is unknown how long U. S. tariffs on Chinese goods will remain in effect or whether additional tariffs 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, **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. Disruption of global sourcing activities and quality and other concerns over our own brands could negatively impact brand reputation and earnings. Economic and civil unrest in areas of the world where we source products, as well as shipping and dockage issues, could adversely impact the availability or cost of our products, or both. Most of the Company's goods imported to the U. S. arrive from Asia through ports located on the U. S. west coast and are subject to potential disruption due to labor unrest or shortages, security issues or natural disasters affecting any or all of these ports. In addition, in recent years, we have **substantially** increased the number and types of merchandise that are sold under the Company's proprietary brands. While we have focused on the quality of our ~~proprietary private branded~~ **brand** products, we rely on third- parties to manufacture these products. Such third- party manufacturers may prove to be unreliable, the quality of our globally sourced products may vary from expectations and standards, the products may not meet applicable regulatory requirements which may require us to recall these products, or the products may infringe upon the intellectual property rights of third- parties. We face challenges in seeking indemnities from manufacturers of these products, including the uncertainty of recovering on such indemnity **and the lack of understanding by manufacturers of U. S. product liability laws in certain foreign jurisdictions**. We also face concerns relating to human rights, working conditions and other labor rights, and conditions and environmental impact in factories or countries where merchandise that we sell is produced, as well as concerns about transparent sourcing and supply chains. Although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to production of merchandise, doing business in foreign countries and importing merchandise, and to screen, train and monitor our private label vendors to confirm safe and ethical treatment of workers in our supply chain, there can be no assurance that our vendors and other third parties with whom we do business will not violate such laws and regulations or our policies, which could **subject us to litigation, investigations, enforcement actions, monetary** liability and **additional costs that** could adversely impact our reputation, results of operations and business. Material disruptions in relationships with third- parties with whom the Company does business could adversely affect its operations. The Company is a party to contracts, transactions and business relationships with various third parties, including suppliers, service providers, lenders and participants in joint ventures, strategic alliances and other commercial relationships. In some cases, we depend upon such third parties to provide products, services, advertising, technology infrastructure, development and support, data analytics, logistics, other goods and services to operate our business in the ordinary course, extensions of credit, credit card accounts and related receivables, and other matters. Furthermore, third- party vendors may sell products directly to consumers in addition to, or in some cases in lieu of, traditional wholesale channels such as independent stores and retail chains. As our business model depends on offering quality and relevant merchandise brands from third- party vendors in addition to our own private label products, any material disruption in our relationship with such vendors, or material disruption in the products or services provided by other third parties, could adversely affect our revenues, expense structure, earnings and operations. Economic, Global, Legal and External Risks The Company's business is subject to discretionary consumer spending, unfavorable economic and political conditions, and other related risks. Our sales are significantly affected by changes in discretionary spending by consumers. Consumer spending may be affected by many factors outside of our control, including general economic conditions, consumer disposable income levels, consumer confidence levels, the availability, cost and level of consumer debt, consumer behaviors towards incurring and paying debt, the cost of basic necessities and other goods, the strength of the U. S. Dollar relative to foreign currencies and the effects of the weather, natural disasters or health pandemics. These factors can have psychological or economic impacts on consumers that affect their discretionary spending habits. Any decline in discretionary spending by consumers could negatively affect our business and results of operations. Unfavorable global, domestic or regional economic or political conditions and other developments and risks could negatively affect our business and results of operations. For example, unfavorable changes related to interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, tax rates and policy, unemployment trends, energy prices, and other matters that influence the availability and cost of merchandise, consumer confidence, spending and tourism could negatively affect our business and results of operations. Unstable political conditions, civil unrest, terrorist activities, armed conflicts or events of extreme violence, including any escalation of the conflict between Russia and Ukraine and the Israel- Hamas war, may disrupt commerce and could negatively affect our business and results of operations. We regularly maintain cash balances at third- party financial institutions in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurance limit. The FDIC took control and was appointed receiver of Silicon Valley Bank and New York Signature Bank **on in** March 10, 2023 **and** March 12, 2023, **respectively**, and JPMorgan Chase Bank assumed all deposits and **substantially** all assets of First Republic Bank **on in** May 1, 2023. The Company did not have any direct exposure to **these banks** ~~Silicon Valley Bank, New York Signature Bank or First Republic Bank~~. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments, or to draw on our existing lines of credit, may be threatened and could have a material adverse effect on our business and financial condition. Our business could be materially

adversely affected by extreme weather conditions, natural disasters or regional or global health pandemics. Extreme weather conditions, including those that may be caused by climate change, in the areas in which our stores are located could negatively affect our business and results of operations. For example, frequent or unusually heavy snowfall, ice storms, rainstorms, **wildfires** or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could reduce demand for a portion of our inventory and thereby reduce our sales and profitability. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain and cause staffing shortages in our stores. Natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could damage or destroy our facilities or make it difficult for customers to travel to our stores, thereby negatively affecting our business and results of operations. The COVID- 19 pandemic had a significant impact on the retail industry, including our business. Should we experience a regional or global pandemic or other public health crisis, including from a COVID- 19 variant, influenza, Respiratory Syncytial Virus, other microorganism, infectious disease or other cause, it could have a significant negative impact on **our the Company's** business, financial condition, results of operations and cash flows. Litigation, legislation, regulatory developments or non- compliance could adversely affect our business and results of operations. We are subject to various federal, state and local laws, rules, regulations, inquiries and initiatives in connection with both our core business operations and our credit card and other ancillary operations (including the Credit Card Act of 2009 and the Home Owners' Loan Act of 1933). Recent and future developments relating to such matters could increase our compliance costs and adversely affect the profitability of our credit card and other operations. Our effective tax rate is impacted by a number of factors, including changes in federal or state tax law, interpretation of existing laws and the ability to defend and support the tax positions taken on historical tax returns. Certain changes in any of these factors could materially impact the Company's effective tax rate and net income. The Inflation Reduction Act **was**, enacted on August 16, 2022 **and**, includes a number of provisions that may impact the Company, including a corporate alternative minimum tax on certain large corporations, incentives to address climate change mitigation and other non- income tax provisions, including an excise tax on the repurchase of our stock. We are **assessing these impacts on our consolidated financial statements.** We are also subject to anti- bribery, customs, child labor, truth- in- advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances that regulate retailers generally and / or govern the importation, promotion and sale of merchandise and the operation of retail stores and warehouse facilities. Although we undertake to monitor changes in these laws, if these laws change without our knowledge, or are violated by importers, designers, manufacturers, distributors or agents, we could experience delays in shipments and receipt of goods or be subject to fines or other penalties under the controlling regulations, any of which could negatively affect our business and results of operations. In addition, we are regularly involved in various litigation matters that arise in the ordinary course of our business. Adverse outcomes in current or future litigation could negatively affect our financial condition, results of operations and cash flows. Changes in applicable environmental regulations, including increased or additional regulations to limit carbon emissions or other greenhouse gases may result in increased compliance costs, capital expenditures and other financial obligations which could affect our profitability. In addition, our business is subject to complex and rapidly evolving laws addressing data privacy and data protection and companies are under increased regulatory scrutiny with respect to these matters. The Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The interpretation and application of existing laws regarding data privacy and data protection are in flux and many states are considering new regulations in this area. Data privacy laws enacted in California, **Virginia, Colorado, Utah, Connecticut, Delaware, Florida, Indiana, Iowa, Indiana-Kentucky, Tennessee-Maryland, Minnesota, Montana, Texas-Nebraska, Oregon-New Hampshire, New Jersey, Delaware-Oregon, Tennessee, Texas, Utah, and Virginia New Hampshire** (as of **June February 1, 2024**) and other applicable U. S. privacy laws or new state or federal laws may limit our ability to collect and use data, require us to modify our data processing practices or result in the possibility of fines, litigation or orders which may have an adverse effect on our business and results of operations. The burdens imposed by these and other laws and regulations that may be enacted, or new interpretations of existing laws and regulations, may also require us to incur substantial costs to reach compliance or change the manner in which we use data. Climate Change- Related Risks Climate change, or legal, regulatory, or market measures to address climate change, could adversely affect our business and results of operations. We have identified certain climate change- related risks that **have impacted or** may **in the future** impact our business over the short-, medium- and long- term. The nature of these risks depends on both the physical aspects of climate change as well as legal, regulatory, and market requirements, pressure to reduce our carbon footprint and our ability to understand and respond to rapidly evolving developments. Climate change and related measures could have adverse impacts on the Company's business, financial condition and results of operations, including, but not limited to: • Regulatory Risks. **Unfavorable global Macy' s, domestic or regional economic or political conditions Inc. may be subject to more robust and nuanced compliance measures in any of other-- the developments markets in which we operate, which may require us to gather new data and risks externally publish additional environmental information, creating incremental costs. This cost burden could also include potential penalties negatively affect our business and results of operations. For example, energy or for noncompliance resulting from enforcement of regulatory requirements** carbon policies (both existing and emerging) that apply to our energy suppliers have the ability to impact indirect costs to our operations through shifts in energy prices. Recent and future developments in regional cap- and- trade programs such as the **Regional Greenhouse Gas Initiative SEC final climate disclosure rules (RGGI voluntarily stayed pending completion of judicial review of consolidated challenges to the rules by the Court of Appeals for the Eighth Circuit) and the new California climate laws , which sets SB- 253 (reporting of Scopes 1, 2 and 3 greenhouse gas emissions) and SB- 261 (climate- related risk report).** Macy' s, Inc. will incur costs to comply with these

regulatory requirements, including environmental advisory / consulting services for emissions management and reporting. As part of our Enterprise Risk Management process, Macy's, Inc. currently monitors environmental and climate-related regulations at the state and federal level. We are focused on transparent reporting to demonstrate climate progress, build trust, and strengthen accountability. Measures include annual disclosure to CDP Climate Change survey and publishing a declining limit Corporate Responsibility Report that uses the Sustainability Accounting Standards Board (SASB) and the Task Force on emissions from Climate-related Financial Disclosures (TCFD) standards power plants within the RGGI states, could increase our energy costs and affect the profitability of operations. The RGGI program spans 11 states and includes Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia. In 2020, Macy's, Inc. reported energy data for 217 locations across these states and could experience increases also regularly updates its macysinc.com / purpose website to reflect changes in initiatives, such the cost of energy in these regions as publishing a result of the RGGI program Corporate Responsibility Report and new and updated policies . • Reputational Risk. From 2021 to 2022, Macy's, Inc. experienced a 22% electricity cost internal stakeholders (colleagues and members of the Board of Directors) or external stakeholders (investors, customers, advocacy groups) expressing concern through public platforms that increase colleague turnover across its sites located in RGGI states. Current environmental and climate-related regulation, stall strategic direction both at the state and federal levels/ or limit funding avenues, are monitored thereby reducing revenue, having negative impacts on workforce management and planning (such as part of colleague attraction and retention) our or slowing / stopping investments enterprise risk management process. New and emerging regulatory initiatives in the U. S. related to climate change and ESG could adversely affect our business. On March 6, 2024, the SEC adopted a final rule that will require registrants to disclose certain climate-related information in annual reports. The final rule will be effective for certain parts of our annual reports for fiscal 2025 and 2026 and could lead to increased costs and complexities associated with our SEC reporting. • Reputational Risk. Maintaining our Company's reputation and brand image at a high level is critical to our operations and financial results. Reputational risk in relation to climate-related issues encompasses both supply chain issues and our position and progress toward cleaner energy production and consumption. We rely upon a diverse, global network of suppliers and vendors within our supply chain that may expose us to risks from a reputational and brand perspective . We utilize the Sustainable Apparel Coalition's Higg Index, a suite of tools for the standardized measurement of value chain sustainability. Data is collected from multiple tiers in our Macy's private brand apparel and home textile supply chains as part of our continued efforts to identify brand risk and advocate for sustainability improvements, including energy / greenhouse gas efficiency. Macy's private brands supply chain is and will continue to be impacted by climate change related weather events that may cause supply disruptions. We also use the Higg Index to collect data about the likely resiliency of our supply chains and as an engagement tool to strengthen relationships and make continuous improvement. We face increasing pressure to demonstrate our products are environmentally- friendly. Our efforts to mitigate that risk include using materials or processes that are third- party certified for environmentally- friendly attributes like OEKO- TEX ® as well as trademarked fibers like TENCEL™ U. S. Cotton Trust Protocol (USCTP) which provides traceable and REPREEVE® preferred cotton . Macy's and Bloomingdale's have curated sitelets online to help strengthen Macy's, Inc.' s position of being identified as a responsible retailer, committed to climate- related and broader environmental topics. These mitigation efforts may not be successful. • Technology Acute Physical Risk. We The Macy's, Inc. physical infrastructure and operations, which may be affected, damaged or interrupted by more frequent and severe weather events such as pluvial / fluvial / coastal flooding, tropical cyclone, drought, and wildfire. In addition to damaging physical infrastructure, such events may also impact our workforce and shopping accessibility. This includes the possibility of extreme weather events disrupting Macy's, Inc.' s infrastructure, resulting in increased insurance costs and capital expenditures. The Texas ice storms and coastal hurricanes are both acute physical risk events that have affected Macy's, Inc. in the past and serve as proxies for other potential acute risks. Macy's, Inc. monitor monitors developments weather and situational events, 24 hours a day, year around, for emerging trends that pose a potential threat to the normal operations and the well- being of customers, Company colleagues, and Company assets. Macy's, Inc. takes proactive measures to mitigate potential physical risk in technology advance, such as monitoring weather, assembling preparedness and relief kits, and installing generators at store locations. The Company is also implementing projects, such as the Emergency Management Software Systems, to be aware of and prepared for climate- related risks and continuing to develop company- wide disaster response training in order to prepare employees and physical spaces for possible disasters most relevant to those locations. • Chronic Physical Risk. The Macy's, Inc. physical infrastructure and operations, which may be affected, damaged or interrupted by intensifying temperatures and water scarcity. Increasing cooling costs, HVAC degradation and colleague productivity decreases are examples of potentially material long- term impacts associated with such chronic climate change to determine the potential risks involved with maintaining a business- as- usual scenario or to evaluate opportunities for technological advancements or innovation. While the adoption of new technology to combat climate change has the potential to be a business opportunity, the resources associated with implementing this technology introduce financial risk to our organization. For example, upfront costs associated with efficiency projects such as LED lighting retrofits could negatively affect our business results if projected returns on investments are not met. Before adopting new technology, we evaluate the immediate costs and balance them with how long it will take to recoup the investment as well as how likely it is for that return to be realized. • Risk Related to Resource Use. There is increasing scrutiny on the use of resources, particularly energy sources and energy use. Pressure from regulators, consumers and other stakeholders to find alternatives and / or energy- efficient solutions to sharply reduce our use of natural resources is escalating. We continue to look for ways to address these issues and continue to explore developing best practices within the industry. Through memberships in industry groups such as Textile Exchange the Sustainable Apparel Coalition, we are working to reduce the environmental and social impact of apparel and footwear products around the world. The use of recycled

material textiles emits fewer greenhouse gas emissions and conserves water and energy as compared to making virgin fiber. Additionally, we have rolled out a framework **engaged World Wildlife Fund** to **help develop** measure the social and environmental performance of more than 500 facilities, benchmarking by facility type to allow comparison of performance against that of peers. Macy's, Inc.'s greatest opportunity for energy reduction continues to be through our lighting. Since 2010, across Macy's and Bloomingdale's store locations, total energy consumption has been reduced by more than 19.7% through LED lighting retrofits.

• **Extreme Weather Events and Natural Disasters.** The risk of extreme weather -- **water stewardship strategy within** events is integrated into our climate change -- related enterprise risk management assessment. Our business could be affected by extreme weather conditions, regional or **our private** global health pandemics or natural disasters. Extreme weather conditions, such as frequent or unusually heavy snowfall, ice storms, rainstorms or natural disasters such as wildfire over a prolonged period could make it difficult for our customers to travel to our stores and **brand** thereby reduce our sales and profitability. Natural disasters such as hurricanes, tornadoes and earthquakes could damage or destroy our facilities, thereby negatively affecting our business and results of operations. Our business is also susceptible to unseasonable weather conditions, which could reduce demand for a portion of our inventory and reduce sales and profitability. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain or **impact staffing in our stores**.

Financial Risks Inability to access capital markets could adversely affect our business or financial condition. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to this potential source of future liquidity. A downgrade in the ratings that rating agencies assign to the Company's short- and long- term debt has and may continue to negatively impact our access to the debt capital markets and increase our cost of borrowing. In addition, our asset- based credit facility requires us to maintain a specified fixed charge coverage ratio. Our ability to comply with the ratio may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If our results of operations deteriorate to a point where we are not in compliance with our debt covenants, and we are unable to obtain a waiver, much of our debt would be in default and could become due and payable immediately. Our assets may not be sufficient to repay in full this indebtedness, resulting in a need for an alternate source of funding. We cannot make any assurances that we would be able to obtain such an alternate source of funding on satisfactory terms, if at all, and our inability to do so could cause the holders of our securities to experience a partial or total loss of their investments in the Company. Our level of indebtedness may adversely affect our ability to operate our business, remain in compliance with debt covenants, react to changes in our business or the industry in which we operate, or prevent us from making payments on our indebtedness. As of February 3-1, 2024-2025, the aggregate principal amount of our total outstanding indebtedness was \$ 2, 998-779 million. Our level of indebtedness could have important consequences for the holders of our debt and equity securities. For example, it could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and external conditions;
- impair our ability to obtain additional debt or equity financing in the future for working capital, capital expenditures, acquisitions or general corporate or other purposes;
- require us to dedicate a material portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flows to fund working capital needs, capital expenditures, acquisitions and other general corporate purposes;
- expose us to the risk of increased interest rates to the extent we make borrowings under our asset- based credit facility, which bears interest at a variable rate;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a disadvantage compared to our competitors that have less indebtedness; and
- limit our ability to adjust to changing market conditions.

Any of these risks could materially impact our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition and results of operations.