

First Quarter Earnings

May 31, 2023

VS&Co
VICTORIA'S SECRET & CO.



Forward Looking Statements

- Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995
 - We caution that any forward-looking statements (as such term is defined in the U.S. Private Securities Litigation Reform Act of 1995) contained in this presentation or made by us, our management, or our spokespeople involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Forward-looking statements include, without limitation, statements regarding our future operating results, the implementation and impact of our strategic plans, and our ability to meet environmental, social, and governance goals. Words such as “estimate,” “commit,” “target,” “goal,” “project,” “plan,” “believe,” “seek,” “strive,” “expect,” “anticipate,” “intend,” “potential” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, could affect our financial performance and cause actual results to differ materially from those expressed or implied in any forward-looking statements:
 - the spin-off from Bath & Body Works, Inc. (f/k/a L Brands, Inc.) may not be tax-free for U.S. federal income tax purposes;
 - we may not realize all of the expected benefits of the spin-off;
 - general economic conditions, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
 - the novel coronavirus (COVID-19) global pandemic has had and may continue to have an adverse effect on our business and results of operations;
 - difficulties arising from turnover in company leadership or other key positions;
 - our ability to attract, develop and retain qualified associates and manage labor-related costs;
 - our dependence on mall traffic and the availability of suitable store locations on appropriate terms;
 - our ability to successfully operate and expand internationally and related risks;
 - our independent franchise, license, wholesale, and joint venture partners;
 - our direct channel business;
 - our ability to protect our reputation and the image of our brands;
 - our ability to attract customers with marketing, advertising and promotional programs;
 - the highly competitive nature of the retail industry and the segments in which we operate;
 - consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
 - our ability to realize the potential benefits and synergies sought with the acquisition of AdoreMe, Inc.;
 - our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, environmental hazards or natural disasters;
 - significant health hazards or pandemics;
 - legal and regulatory matters;
 - delays or disruptions in shipping and transportation and related pricing impacts; and
 - disruption due to labor disputes;
 - our geographic concentration of vendor and distribution facilities in central Ohio and Southeast Asia;
 - the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
 - fluctuations in freight, product input and energy costs, including those caused by inflation;
 - our and our third-party service providers’ ability to implement and maintain information technology systems and to protect associated data and system availability;
 - our ability to maintain the security of customer, associate, third-party and company information;
 - stock price volatility;
 - shareholder activism matters;
 - our ability to maintain our credit rating;
 - our ability to comply with regulatory requirements; and
 - legal, tax, trade and other regulatory matters.
- Except as may be required by law, we assume no obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this presentation to reflect circumstances existing after the date of this presentation or to reflect the occurrence of future events, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in “Item 1A. Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2023.

VICTORIA'S SECRET & CO.
ADJUSTED ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED APRIL 29, 2023 AND APRIL 30, 2022
(Unaudited)
(In millions except per share amounts)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,407.4	\$ 1,483.8	\$ (76.4)	-5%
Comparable Store Sales	-14%	-3%		
Comparable Sales	-11%	-8%		
Gross Profit	514.3	543.2	(28.9)	-5%
% of Sales	36.5%	36.6%	(10 bps)	
General, Administrative and Store Operating Expenses	459.3	427.4	31.9	7%
% of Sales	32.6%	28.8%	380 bps	
Operating Income	<u>55.0</u>	<u>115.8</u>	(60.8)	-53%
% of Sales	3.9%	7.8%	(390 bps)	
Interest Expense and Other Loss	<u>21.4</u>	<u>16.1</u>	5.3	33%
Income Before Income Taxes	33.6	99.7	(66.1)	-66%
Provision for Income Taxes	8.6	7.4	1.2	16%
% of Pre-Tax Income	25.6%	7.4%		
Net Income	<u>25.0</u>	<u>92.3</u>	(67.3)	-73%
% of Sales	1.8%	6.2%	(440 bps)	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	3.1	(4.7)	7.8	-166%
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 21.9</u>	<u>\$ 97.0</u>	\$ (75.1)	-77%
% of Sales	1.6%	6.5%	(490 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.28</u>	<u>\$ 1.11</u>	\$ (0.83)	-75%
Weighted Average Shares Outstanding	<u>79.7</u>	<u>87.1</u>		

1 - 2023 and 2022 results are on an adjusted basis. Refer to Non-GAAP Financial Information table for additional information.

VICTORIA'S SECRET & CO.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

	April 29, 2023	April 30, 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 132,445	\$ 204,264
Accounts Receivable, Net	125,500	151,651
Inventories	1,040,701	1,045,778
Other	135,968	112,381
Total Current Assets	1,434,614	1,514,074
Property and Equipment, Net	834,299	900,753
Operating Lease Assets	1,245,245	1,299,102
Goodwill	367,529	-
Trade Names	287,640	246,300
Other Intangible Assets	131,776	-
Deferred Income Taxes	15,894	16,701
Other Assets	88,331	87,885
TOTAL ASSETS	\$ 4,405,328	\$ 4,064,815
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 388,110	\$ 442,726
Accrued Expenses and Other	649,421	607,128
Current Debt	4,066	4,000
Current Operating Lease Liabilities	297,599	298,683
Income Taxes	29,968	98,117
Total Current Liabilities	1,369,164	1,450,654
Deferred Income Taxes	62,484	62,957
Long-Term Debt	1,270,944	977,469
Long-Term Operating Lease Liabilities	1,219,128	1,273,770
Other Long-Term Liabilities	196,890	49,066
Victoria's Secret & Co. Shareholders' Equity	265,259	226,855
Noncontrolling Interest	21,459	24,044
TOTAL LIABILITIES AND EQUITY	\$ 4,405,328	\$ 4,064,815

VICTORIA'S SECRET & CO.
2023 Outlook as of May 31, 2023

Second Quarter

Full Year

Net Sales	Decrease mid-single digits compared to \$1.521 billion in 2022	Flat to down low-single digits compared to \$6.344 billion in 2022
Adjusted Gross Margin Rate	Approximately 34% to 35%, down from 2022 rate of 36.1%	-
Adjusted SG&A Expense Rate	Approximately 30% to 31%, deleveraged from 2022 rate of 27.7%	-
Adjusted Operating Income	Between \$35 million and \$65 million	-
Adjusted Operating Income Rate	-	Approximately 5% to 6% compared to 2022 rate of 8.9%
Net Non-Operating Expense	Approximately \$22 million	Approximately \$90 million to \$95 million
Tax Rate (before discrete items)	Approximately 25%	Approximately 24% to 25%
Weighted Average Diluted Shares Outstanding	Approximately 78 million	Approximately 79 million
Adjusted Net Income Per Diluted Share Attributable to VS&Co	Between \$0.10 and \$0.40	-
Capital Expenditures	-	Approximately \$275 million
Free Cash Flow ¹	-	Approximately \$150 million to \$200 million

¹ Defined as operating cash flow less capital expenditures.

**VICTORIA'S SECRET & CO.
STORE COUNT AND SELLING SQ FT
2023 Forecast**

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Company-Operated							
U.S.							
Store Count	812	15 to 20	(13 to 18)	48	809 to 819	(3) to 7	0% to 1%
Selling Sq Ft 000's	5,617	63 to 85	(48 to 99)	(60)	5,521 to 5,594	(96 to 23)	(2%) to 0%
Canada							
Store Count	25	-	(2)	2	23	(2)	(8%)
Selling Sq Ft 000's	246	-	(28)	(6)	212	(34)	(14%)
Subtotal Company-Operated							
Store Count	837	15 to 20	(15 to 20)	50	832 to 842	(5) to 5	(1%) to 1%
Selling Sq Ft 000's	5,863	63 to 85	(76 to 127)	(66)	5,733 to 5,806	(130 to 57)	(2% to 1%)
China Joint Venture							
Beauty & Accessories							
Store Count	39	1 to 2	(1 to 2)	-	38 to 40	(1) to 1	(3%) to 3%
Full Assortment							
Store Count	33	1 to 2	(1 to 2)	-	32 to 34	(1) to 1	(3%) to 3%
Subtotal China Joint Venture							
Store Count	72	2 to 4	(2 to 4)	-	70 to 74	(2) to 2	(3%) to 3%
Partner-Operated							
Beauty & Accessories							
Store Count	308	25 to 28	(26 to 30)	-	303 to 310	(5) to 2	(2%) to 1%
Full Assortment							
Store Count	135	35 to 38	(7 to 13)	-	157 to 166	22 to 31	16% to 23%
Subtotal Partner-Operated							
Store Count	443	60 to 66	(33 to 43)	-	460 to 476	17 to 33	4% to 7%
Adore Me							
Store Count	6	-	-	-	6	-	-
Selling Sq Ft 000's	23	-	-	-	23	-	-
Total							
Store Count	1,358	77 to 90	(50 to 67)	-	1,368 to 1,398	10 to 40	1% to 3%

APPENDIX

VS&Co

VICTORIA'S SECRET & CO.
CONSOLIDATED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED APRIL 29, 2023 AND APRIL 30, 2022
(Unaudited)
(In thousands except per share amounts)

	<u>2023</u>	<u>2022</u>
Net Sales	\$ 1,407,380	\$ 1,483,806
Costs of Goods Sold, Buying and Occupancy	<u>(904,986)</u>	<u>(962,300)</u>
Gross Profit	502,394	521,506
General, Administrative and Store Operating Expenses	<u>(474,120)</u>	<u>(427,384)</u>
Operating Income	28,274	94,122
Interest Expense	(22,505)	(12,414)
Other Income (Loss)	<u>3</u>	<u>(3,708)</u>
Income Before Income Taxes	5,772	78,000
Provision for Income Taxes	<u>1,960</u>	<u>1,856</u>
Net Income	3,812	76,144
Less: Net Income (Loss) Attributable to Noncontrolling Interest	<u>3,087</u>	<u>(4,679)</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 725</u>	<u>\$ 80,823</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.01</u>	<u>\$ 0.93</u>
Weighted Average Shares Outstanding	<u>79,671</u>	<u>87,057</u>

SELECTED DATA
THIRTEEN WEEKS ENDED APRIL 29, 2023 AND APRIL 30, 2022
(Unaudited, in thousands)

Capital Expenditures

	<u>2023</u>	<u>2022</u>
First Quarter	\$ 54,851	\$ 21,181
Second Quarter		37,058
Spring Season	\$ 54,851	\$ 58,239
Third Quarter		67,052
Fourth Quarter		38,636
Year	<u>\$ 54,851</u>	<u>\$ 163,927</u>

Depreciation & Amortization

	<u>2023</u>	<u>2022</u>
First Quarter	\$ 72,555	\$ 70,288
Second Quarter		69,889
Spring Season	\$ 72,555	\$ 140,177
Third Quarter		67,558
Fourth Quarter		66,099
Year	<u>\$ 72,555</u>	<u>\$ 273,834</u>

VICTORIA'S SECRET & CO.
NON-GAAP FINANCIAL INFORMATION
(Unaudited)

(In thousands except per share amounts)

In addition to our results provided in accordance with GAAP, this presentation provides non-GAAP financial measures that present operating income, net income attributable to Victoria's Secret & Co. and net income per diluted share attributable to Victoria's Secret & Co. on an adjusted basis, which remove certain special items. We believe that these special items are not indicative of our ongoing operations due to their size and nature. The intangible asset amortization excluded from these non-GAAP financial measures is excluded because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised. We use adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definition of adjusted financial information may differ from similarly titled measures used by other companies. The table below reconciles the GAAP financial measures to the non-GAAP financial measures.

	First Quarter	
	2023	2022
<u>Reconciliation of Reported to Adjusted Gross Profit</u>		
Reported Gross Profit - GAAP	\$ 502,394	\$ 521,506
% Net Sales	35.7%	35.1%
Restructuring Charge (a)	3,276	-
Adore Me Acquisition-related Items (b)	8,587	-
Occupancy-related Legal Matter (d)	-	21,679
Adjusted Gross Profit	<u>\$ 514,257</u>	<u>\$ 543,185</u>
% Net Sales	36.5%	36.6%
<u>Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses</u>		
Reported General, Administrative and Store Operating Expenses - GAAP	\$ 474,120	\$ 427,384
% Net Sales	33.7%	28.8%
Restructuring Charge (a)	(7,849)	-
Adore Me Acquisition-related Items (b)	(734)	-
Amortization of Acquired Intangible Assets (c)	(6,284)	-
Adjusted General, Administrative and Store Operating Expenses	<u>\$ 459,253</u>	<u>\$ 427,384</u>
% Net Sales	32.6%	28.8%
<u>Reconciliation of Reported to Adjusted Operating Income</u>		
Reported Operating Income - GAAP	\$ 28,274	\$ 94,122
% Net Sales	2.0%	6.3%
Restructuring Charge (a)	11,125	-
Adore Me Acquisition-related Items (b)	9,321	-
Amortization of Acquired Intangible Assets (c)	6,284	-
Occupancy-related Legal Matter (d)	-	21,679
Adjusted Operating Income	<u>\$ 55,004</u>	<u>\$ 115,801</u>
% Net Sales	3.9%	7.8%
<u>Reconciliation of Reported to Adjusted Net Income Attributable to Victoria's Secret & Co.</u>		
Reported Net Income Attributable to Victoria's Secret & Co. - GAAP	\$ 725	\$ 80,823
Restructuring Charge (a)	11,125	-
Adore Me Acquisition-related Items (b)	10,416	-
Amortization of Acquired Intangible Assets (c)	6,284	-
Occupancy-related Legal Matter (d)	-	21,679
Tax Effect of Adjusted Items	(6,640)	(5,477)
Adjusted Net Income Attributable to Victoria's Secret & Co.	<u>\$ 21,910</u>	<u>\$ 97,025</u>
<u>Reconciliation of Reported to Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.</u>		
Reported Net Income Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	\$ 0.01	\$ 0.93
Restructuring Charge (a)	0.10	-
Adore Me Acquisition-related Items (b)	0.10	-
Amortization of Acquired Intangible Assets (c)	0.06	-
Occupancy-related Legal Matter (d)	-	0.19
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.28</u>	<u>\$ 1.11</u>

Refer to the following page for details regarding the certain items excluded in the adjusted results.

VICTORIA'S SECRET & CO.
NON-GAAP FINANCIAL INFORMATION
(Unaudited)

Adjusted results exclude the following items:

- (a) In the first quarter of 2023, we recognized a \$11.1 million pre-tax charge (\$8.4 million net of tax of \$2.7 million), \$7.8 million included in general, administrative and store operating expense and \$3.3 million included in buying and occupancy expense, related to restructuring activities to continue to reorganize and improve our organizational structure.
- (b) In the first quarter of 2023, we recognized a \$10.4 million charge (\$8.2 million net of tax of \$2.2 million), \$8.6 million included in costs of goods sold, \$1.1 million included in interest expense, and \$0.7 million included in general, administrative and store operating expense, related to the financial impact of purchase accounting items and professional service costs related to the acquisition of Adore Me.
- (c) In the first quarter of 2023, we recognized \$6.3 million of amortization expense (\$4.7 million net of tax of \$1.6 million) included in general, administrative and store operating expense related to the acquisition of Adore Me.
- (d) In the first quarter of 2022, we recognized a \$21.7 million charge (\$16.2 million net of tax of \$5.5 million), included in buying and occupancy expense, related to a legal matter with a landlord regarding a high-profile store that we surrendered to the landlord prior to separation.