VS&CO FIRST QUARTER 2024 EARNINGS COMMENTARY

June 5, 2024

Introduction

- Victoria's Secret & Co. is providing this first quarter commentary ahead of its live earnings call scheduled for June 6, 2024 at 8:00 a.m. EST.

- We remind you that any forward-looking statements made in this commentary are subject to our safe harbor statement found in our SEC filings and in our press releases.

- Our first quarter earnings release and related financial information are available on our website, www.victoriassecretandco.com/investors under Financial Information, Quarterly Results. Also available on that portion of our website is an investor presentation.

- Certain results included in this commentary are adjusted results and exclude the impact of certain items as described in our press release, our SEC filings and the investor presentation posted on our website. Reconciliations of these and other non-GAAP measures to the most comparable GAAP measures are included in our press release, our SEC filings and the investor presentation posted on our website.

First Quarter 2024 Results

- In the first quarter, we delivered sales, adjusted operating income and adjusted net income per diluted share above the high-end of our initial guidance for the quarter, and we met the high-end of the range of our preliminary results shared on May 9. This marks the 11th consecutive quarter since becoming an independent, public company that we have been in-line or exceeded our quarterly adjusted operating income guidance, and ten out of eleven quarters that we have been in-line or exceeded our quarterly sales and adjusted net income per diluted share guidance. We are committed to continuing to provide transparent financial guidance.

- Our results exceeded or met our expectations for the quarter on all key financial metrics. We experienced sequential improvement in quarterly sales trends in North America in both our stores and digital business for both the Victoria's Secret and PINK brands. We delivered meaningful newness in merchandise and brand projection during the quarter and our customers responded, particularly in April, which was our strongest month of the quarter. The retail environment in North America was challenging and the promotional environment was very competitive, but importantly our gross margin rate in the quarter was above last year as we managed our inventory and were disciplined with traffic-driving offerings for our customers. In stores, our customer traffic improved noticeably throughout the quarter, and in our digital business, the investments we've made to improve the customer experience resulted in digital sales performance outpacing stores. Our SG&A rate was favorable to our expectations as we delivered incremental efficiency within our operating model. In addition to improving North America trends, our international business continues to have momentum, with net sales up 16% in the first quarter compared to last year. International system-wide retail sales increased low-double digits in the first quarter, and we continued to deliver profitable growth across stores and digital as compared to last year. International sales in the first quarter were driven by significant year-over-year growth in China and globally with our franchise and travel retail partners. We are optimistic about sales, profit and growth opportunities for all of our partners around the world and remain on track with our growth plans discussed at our Investor Day in October 2023.

- Turning to the results for the first quarter, we reported first quarter adjusted net income per diluted share of $0.12, which was above the high-end of our initial guidance range of adjusted net income (loss) per diluted share of ($0.15) to $0.10 and at the high-end of the range of our preliminary results shared on May 9 of adjusted net income per diluted share of $0.07 to $0.12. This result compared to adjusted net income per diluted share of $0.28 in the first quarter of 2023.

- Net sales for the first quarter 2024 were $1.359 billion, a decrease of 3% compared to sales of $1.407 billion in the first quarter of 2023. This result was better than our initial guidance range of a net sales decrease of mid-single digits in the first quarter and at the better-end of our preliminary results shared on May 9 of a net sales decrease of 3% to 4%. Total comparable sales decreased 5% in the quarter compared to last year. In North America, we experienced improved sequential quarterly retail sales trends for the third consecutive quarter. The improvement in retail trends was evident in both our stores and in our digital businesses. From a stores perspective, we experienced significant improvement in traffic in April, with traffic in our stores meaningfully outperforming the balance of the mall. In terms of our digital business, traffic levels improved with April as the strongest month, and our conversion performance continues to grow driven by the investments we've made to improve the customer experience, and positive customer receptivity to our improving merchandise assortments.

- From a market perspective, we were encouraged to see that sales trends in the intimates market in North America improved quarter-to-quarter, and we recognized a similar improvement in our intimates business performance in particular in the March and April timeframe. Our combined Victoria's Secret and PINK market share in the intimates category remained at about 20%. We were also encouraged to see our digital market share increase in both bras and panties along with an overall increase in our sports bra market share.

- From a merchandise category perspective, our Victoria's Secret beauty business continues to be our best performing category with year-over-year growth for the third consecutive quarter and was followed by improving performance in bras and panties. The combined intimates and beauty business for Victoria's Secret was about flat in the first quarter compared to last year.

- PINK experienced improving sales trends throughout the quarter and April was the strongest month for the brand in the last several quarters with bras, sleep and apparel as the best performing merchandise categories helping to offset a slow start to the quarter.

- The adjusted gross margin rate for the first quarter 2024 was 36.9%, an increase of 40 basis points compared to last year, and in-line with our guidance range of 36.5% to 37.5%. Our adjusted merchandise margin rate was up in the quarter primarily as the result of lower cost of goods related to our transform the foundation initiative to modernize our supply chain operating model and lower inbound freight costs, partially offset by targeted traffic-driving promotional activity. Our buying and occupancy expense dollars decreased year-over-year in the first quarter but deleveraged slightly compared to last year as a result of the 3% decrease in sales in the quarter.

- The adjusted SG&A rate for the first quarter 2024 was 34.0%, better than our guidance range of 35.0% to 36.0% and compared to 32.6% in the first quarter last year. Adjusted SG&A dollars of $462 million in the first quarter were up slightly, or $2 million, year-over-year. Our adjusted SG&A rate in the quarter was better than our guidance primarily due to disciplined and proactive expense management initiatives to drive incremental efficiency within our operating model. The combination of SG&A and buying and occupancy dollars were down slightly to last year. Since the spin-off in the third quarter of 2021, we believe we have demonstrated our commitment to continually focusing on efficiencies within our operating model and improving the cost structure of our business.

- Adjusted operating income for the first quarter 2024 was $40 million which was above the high-end of our initial guidance range of $10 million to $35 million and at the high-end of the range of our preliminary results shared on May 9 of adjusted operating income of $35 million to $40 million. This result was lower than adjusted operating income in the first quarter 2023 of $55 million primarily due to decreases in sales and gross margin dollars.

- Adjusted non-operating expenses, consisting principally of interest expense, was $20 million in the first quarter and in-line with our guidance. Our tax expense in the first quarter 2024 was $9 million, a rate of 46.8%, and was higher than our forecasted tax expense of approximately $5 million driven by earnings coming in higher than our guidance. Our tax provision in the quarter included a negative impact from the accounting for share-based compensation awards which requires the income tax effects of share-based awards to be recognized in the income statement when the awards vest. Since our stock price decreased over the life of the awards that vested in the first quarter, the tax effect of this difference results in a negative impact to our tax provision.

- Adjusted net income for the first quarter 2024 was $9 million compared to adjusted net income of $22 million in the first quarter 2023.

- Turning to the balance sheet, total inventories ended the first quarter down 5% compared to last year and in-line with our guidance.

- From a liquidity standpoint, we ended the first quarter with a cash balance of $105 million, a strong balance sheet and ample liquidity to execute our strategic plans. At the end of the first quarter, our outstanding balance was $145 million under our $750 million ABL credit facility, or the same as at the end of fiscal year 2023.

- Weighted average diluted shares at the end of the first quarter 2024 were approximately 79 million. In March 2024, we announced that the Company's Board of Directors approved a new share repurchase program ("March 2024 Share Repurchase Program") authorizing the repurchase of up to $250 million of the Company's common stock. Share repurchases under the March 2024 Share Repurchase Program will be made at management's discretion and from time to time, subject to market conditions and other factors, through open market, accelerated share repurchase or privately negotiated transactions. The March 2024 Share Repurchase Program is open-ended in term and will continue until exhausted. No shares were repurchased during the first quarter.

- Aside from the financials, over the last 90 days, we have executed several key actions in support of our strategy and brand positioning for the long-term, including:

- We continue to further develop our understanding of our Victoria's Secret and PINK customer through our multi-tender loyalty program which has now been active for one year. We have 30 million members who drive about 80% of our sales on a weekly basis. Through insights and data, we are focused on turning our understanding of our customers into world-class seamless customer experiences.
- We continued to introduce newness in bras with the relaunch of our #1 bra collection, Body By Victoria, with all-new styles and our latest innovations offering lightweight design that smooths, shapes and supports without an ounce of padding.
- In March, we launched a campaign focused on our top-rated sports bra, Featherweight Max, available in a variety of new colorways, and also featured our Flex Sports Bra and Flex Leggings with invisible lift technology, and our Elevate Compression Leggings.
- In April, we launched our Escape to Summer collection featuring all new swim, intimates and sun-ready pieces to wear day or night, as well as our iconic archive swim styles that are beloved by our consumers. The new swim collection has been designed to celebrate our heritage in a fresh, modern way. As part of our commitment to expand our categories, we continued to introduce new swim product under our collaborative label PINK by Frankies Bikinis that celebrates the iconic PINK brand reimagined through the lens of founder and creative director of Frankies Bikinis, Francesca Aiello.
- In May, we announced the Victoria's Secret Fashion Show is coming back in 2024. The show will deliver precisely what our customers have

been asking for – the glamour, runway, fashion, fun, wings, entertainment – all through a powerful, modern lens reflecting who we are today. We're thrilled to share this iconic property later this year.

Outlook for Second Quarter and Fiscal Year 2024

- With some caution around the broader retail environment in North America, we are planning the business appropriately conservative in the near-term, but are encouraged by the start to May and the second quarter. We are optimistic about the positive signs we're seeing and we remain focused on accelerating our core by leveraging our market leadership position and delivering on multiple initiatives to drive growth in our business over the longer-term, including: product improvements and launches to enhance the Victoria's Secret brand and a reimagined merchandise strategy for PINK, new customer experience enhancements in our digital business and our multi-tender loyalty program.

- For the second quarter of 2024, we are forecasting sales to decrease in the low-single digit range, compared to sales of $1.427 billion in the second quarter of 2023. This forecast reflects performance to start the quarter and tracks in-line with the trajectory we have discussed for 2024, which assumes the broader intimates market in North America will remain promotional and could remain pressured throughout the first half of the year.

- At this forecasted level of sales, second quarter 2024 adjusted operating income is expected to be in the range of $30 million to $45 million compared to adjusted operating income of $49 million in the second quarter of 2023.

- We are forecasting second quarter 2024 adjusted net income per diluted share to be in the range of $0.05 to $0.20 compared to adjusted net income per diluted share of $0.24 in the second quarter of 2023.

- We expect the second quarter 2024 adjusted gross margin rate to be approximately 34.5% to 35.5%, flat to up approximately 100 basis points compared to second quarter of 2023's adjusted rate of 34.6%. We are forecasting our adjusted merchandise margin rate to be up approximately 100 to 150 basis points compared to last year primarily as the result of lower cost of goods related to our transform the foundation initiative to modernize our supply chain operating model, partially offset by targeted traffic-driving promotional activity similar to the first quarter. We are forecasting deleverage in buying and occupancy expenses on the lower forecasted sales.

- We expect the second quarter 2024 adjusted SG&A rate to be approximately 32.0%, deleveraging compared to the second quarter of 2023's adjusted rate of 31.2% principally driven by the forecasted low-single digit decrease in sales compared to the second quarter of 2023. Adjusted SG&A dollars in the second quarter are expected to be up slightly year-over-year similar to the first quarter. We continue to focus on disciplined and proactive expense management initiatives to drive incremental efficiency within our operating model.

- We anticipate net adjusted non-operating expense, consisting principally of interest expense, of approximately $20 million in the second quarter of 2024.

- We estimate shares outstanding of approximately 80 million for the second quarter of 2024. This estimate does not include potential share repurchase activity related to the March 2024 Share Repurchase Program.

- We estimate a tax rate ranging from approximately 30% to 34% for the second quarter of 2024.

- We expect total inventories to end the second quarter of 2024 about flat to up slightly compared to last year.

- Turning to the full year, for the 52-week fiscal year 2024 we are reaffirming our forecast and expect sales to be about $6.0 billion, or down low-single digits to a comparative 52-weeks from fiscal year 2023. At this forecasted level of sales, we expect our adjusted operating income in 2024 to be about $250 million to $275 million.

- We estimate capital expenditures of approximately $230 million in fiscal year 2024, or slightly less than 4% of sales. Capital investments will be focused on our store capital program along with investments in technology related to our strategic initiatives to drive growth. Depreciation expense (excluding intangible asset amortization expense related to the acquisition of Adore Me which is adjusted for non-GAAP purposes) is estimated to be approximately $240 million in fiscal year 2024.

- Turning to liquidity, we expect 2024 free cash flow (operating cash flow less capital expenditures) of approximately $175 million to $200 million. This level of cash flow coupled with availability under our ABL credit facility results in very strong liquidity, which we expect is more than sufficient to fund our working capital, capital expenditures and any other foreseeable needs.

- In 2024, we plan to open approximately 15 new stores in North America, mostly in the Store of the Future design in off-mall locations. We estimate approximately 40 store closures which will mostly be consolidations of co-located Victoria's Secret and PINK stores. We also expect about 45 renovations in the Store of the Future design in 2024, with approximately 75% consisting of square footage reductions or consolidations of co-located Victoria's Secret and PINK stores. Square footage in our North America stores in 2024 is now expected to decrease approximately 2% to 3% compared to 2023. At the end of 2024, our Store of the Future presence will be approximately 145 stores (or approximately 18% of the fleet) in North America. Internationally, our Store of the Future presence at the end of 2024 is expected to be approximately 160 to 180 stores (or approximately 30% of the fleet).

- The Company's financial guidance for second quarter and fiscal year 2024 excludes the financial impact of purchase accounting items related to the Adore Me acquisition as described in our press release, our SEC filings and our investor presentation on our website.

- We invite you to join us for our live earnings call tomorrow morning at 8:00 a.m. Eastern by dialing 1-800-619-9066 (international dial-in number: 1-212-519-0836). The conference ID is 5358727.