

# First Quarter Earnings

May 31, 2022

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 the Company, 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;
  - a loss of synergies from separating the businesses that could negatively impact our balance sheet, profit margins or earnings;
  - 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;
  - the seasonality of our business;
  - 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 grow through new store openings and existing store remodels;
  - 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;
  - our ability to maintain, enforce and protect our trade names, trademarks and patents;
  - 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 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, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas;
    - duties, taxes and other charges;
    - legal and regulatory matters;
    - volatility in currency exchange rates;
    - local business practices and political issues;
    - delays or disruptions in shipping and transportation and related pricing impacts;
    - disruption due to labor disputes; and
    - changing expectations regarding product safety due to new legislation;

# Forward Looking Statements

- Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995
  - 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 ability to adequately protect our assets from loss and theft;
  - claims arising from our self-insurance;
  - 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 service or refinance our debt and maintain compliance with our restrictive covenants;
  - our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
  - our ability to comply with regulatory requirements;
  - legal and compliance matters; and
  - 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. More information on potential factors that could affect our results is included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2022.

**VICTORIA'S SECRET & CO.**  
**ADJUSTED<sup>1</sup> CONSOLIDATED AND COMBINED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**

(Unaudited)

(In millions except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,483.8	\$ 1,554.2	\$ (70.4)	-5%
Comparable Store Sales	-3%	3%		
Comparable Sales	-8%	25%		
Gross Profit	543.2	672.1	(128.9)	-19%
% of Sales	36.6%	43.2%	(660 bps)	
General, Administrative and Store Operating Expenses	427.4	446.4	(19.0)	-4%
% of Sales	28.8%	28.7%	10 bps	
Operating Income	115.8	225.7	(109.9)	-49%
% of Sales	7.8%	14.5%	(670 bps)	
Interest Expense and Other Loss	16.1	1.1	15.0	1364%
Income Before Income Taxes	99.7	224.6	(124.9)	-56%
Provision for Income Taxes	7.4	50.6	(43.2)	-85%
% of Pre-Tax Income	7.4%	22.5%		
Net Income	92.3	174.0	(81.7)	-47%
% of Sales	6.2%	11.2%	(500 bps)	
Less: Net Loss Attributable to Noncontrolling Interest	(4.7)	-	(4.7)	-
Net Income Attributable to Victoria's Secret & Co.	\$ 97.0	\$ 174.0	\$ (77.0)	-44%
% of Sales	6.5%	11.2%	(470 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 1.11	\$ 1.97	\$ (0.86)	-44%
Weighted Average Shares Outstanding <sup>2</sup>	87.1	88.3		

1 - 2022 results are on an adjusted basis. Refer to Adjusted Financial Information table for additional information.

2 - Reported Weighted Average Shares Outstanding reflects diluted shares in the first quarter of 2022. For periods prior to the separation in the third quarter of 2021, basic shares at the separation date are being utilized for the calculation of basic and diluted net income per share.

For periods prior to the separation in the third quarter of 2021, results are on a carve-out basis and include unallocated overhead as part of L Brands. The results, because of this, are not necessarily indicative of what we would expect as a standalone business.

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

	<b>April 30, 2022</b>	<b>May 1, 2021</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 204,264	\$ 331,950
Accounts Receivable, Net	151,651	110,959
Inventories	1,045,778	761,305
Other	112,381	94,539
Total Current Assets	1,514,074	1,298,753
Property and Equipment, Net	900,753	1,036,108
Operating Lease Assets	1,299,102	1,602,432
Trade Name	246,300	246,300
Deferred Income Taxes	16,701	12,811
Other Assets	87,885	50,631
<b>TOTAL ASSETS</b>	<b>\$ 4,064,815</b>	<b>\$ 4,247,035</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Accounts Payable	\$ 442,726	\$ 365,766
Accrued Expenses and Other	607,128	693,179
Current Debt	4,000	-
Current Operating Lease Liabilities	298,683	355,809
Income Taxes	98,117	28,816
Total Current Liabilities	1,450,654	1,443,570
Deferred Income Taxes	62,957	45,466
Long-Term Debt	977,469	-
Long-term Debt due to Former Parent	-	96,525
Long-Term Operating Lease Liabilities	1,273,770	1,540,582
Other Long-Term Liabilities	49,066	113,415
Victoria's Secret & Co. Shareholders' Equity	226,855	1,007,477
Noncontrolling Interest	24,044	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,064,815</b>	<b>\$ 4,247,035</b>

**VICTORIA'S SECRET & CO.**  
**2022 Outlook as of May 31, 2022**

**Second Quarter**

<b>Net Sales</b>	Up low-single digits to down low-single digits compared to \$1.614 billion in 2021
<b>Gross Margin Rate</b>	About 37%, down from 2021 rate of 41.5%
<b>SG&amp;A Expense Rate</b>	About 28%, down from 2021 rate of 28.9%
<b>Operating Income</b>	Between \$125 million and \$155 million
<b>Net Non-Operating Expense</b>	Approximately \$14 million
<b>Tax Rate (before discrete items)</b>	Approximately 25%
<b>Weighted Average Diluted Shares Outstanding</b>	Approximately 85 million
<b>Net Income Per Diluted Share Attributable to VS&amp;Co</b>	Between \$0.95 and \$1.25

**VICTORIA'S SECRET & CO.  
STORE COUNT AND SELLING SQ FT  
2022 Forecast**

	Beginning of Year	New Stores	Closures	Reclassified to Joint Venture (a)	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease) Excludes Reclassed to Joint Venture	
<b>Company-Operated</b>								
U.S.								
Store Count	808	16	(9 to 27)	-	approx. 15	797 to 815	(11) to 7	(1%) to 1%
Selling Sq Ft 000's	5,609	71	(34 to 129)	-	approx. (12)	5,539 to 5,634	(70) to 25	(1%) to 0%
Canada								
Store Count	26	-	(1 to 3)	-	-	23 to 25	(3 to 1)	(12% to 4%)
Selling Sq Ft 000's	253	-	(5 to 18)	-	-	235 to 248	(18 to 5)	(7% to 2%)
<b>Subtotal Company-Operated</b>								
Store Count	<b>834</b>	<b>16</b>	<b>(10 to 30)</b>	-	<b>approx. 15</b>	<b>820 to 840</b>	<b>(14) to 6</b>	<b>(2%) to 1%</b>
Selling Sq Ft 000's	<b>5,862</b>	<b>71</b>	<b>(39 to 147)</b>	-	<b>approx. (12)</b>	<b>5,774 to 5,882</b>	<b>(88) to 20</b>	<b>(2%) to 0%</b>
<b>China Joint Venture</b>								
Beauty & Accessories (a)								
Store Count	35	3 to 6	(2 to 4)	8	-	42 to 47	(1) to 4	(3%) to 11%
Full Assortment								
Store Count	30	3 to 4	(1 to 2)	-	-	31 to 33	1 to 3	3% to 10%
<b>Subtotal China Joint Venture</b>								
Store Count	<b>65</b>	<b>6 to 10</b>	<b>(3 to 6)</b>	<b>8</b>	-	<b>73 to 80</b>	<b>0 to 7</b>	<b>0% to 11%</b>
<b>Partner-Operated</b>								
Beauty & Accessories								
Store Count	335	14 to 16	(20 to 27)	(8)	-	314 to 323	(13 to 4)	(4% to 1%)
Full Assortment								
Store Count	128	22 to 24	(2 to 4)	-	-	146 to 150	18 to 22	14% to 17%
<b>Subtotal Partner-Operated</b>								
Store Count	<b>463</b>	<b>36 to 40</b>	<b>(22 to 31)</b>	<b>(8)</b>	-	<b>460 to 473</b>	<b>5 to 18</b>	<b>1% to 4%</b>
<b>Total</b>								
Store Count	<b>1,362</b>	<b>58 to 66</b>	<b>(35 to 67)</b>	-	<b>approx. 15</b>	<b>1,353 to 1,393</b>	<b>(9) to 31</b>	<b>(1%) to 2%</b>

(a) Includes reclass of eight partner-operated stores and forecast of two to four new partner-operated stores to be opened in 2022.

# APPENDIX

VS&Co



**VICTORIA'S SECRET & CO.**  
**CONSOLIDATED AND COMBINED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**

(Unaudited)

(In thousands except per share amounts)

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 1,483,806	\$ 1,554,220
Costs of Goods Sold, Buying and Occupancy	<u>(962,300)</u>	<u>(882,079)</u>
Gross Profit	521,506	672,141
General, Administrative and Store Operating Expenses	<u>(427,384)</u>	<u>(446,455)</u>
Operating Income	94,122	225,686
Interest Expense	(12,414)	(929)
Other Loss	<u>(3,708)</u>	<u>(191)</u>
Income Before Income Taxes	78,000	224,566
Provision for Income Taxes	<u>1,856</u>	<u>50,534</u>
Net Income	76,144	174,032
Less: Net Loss Attributable to Noncontrolling Interest	<u>(4,679)</u>	<u>-</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 80,823</u>	<u>\$ 174,032</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.93</u>	<u>\$ 1.97</u>
Weighted Average Shares Outstanding <sup>1</sup>	<u>87,057</u>	<u>88,303</u>

1 - Reported Weighted Average Shares Outstanding reflects diluted shares in the first quarter of 2022. For periods prior to the separation in the third quarter of 2021, basic shares at the separation date are being utilized for the calculation of basic and diluted net income per share.

**VICTORIA'S SECRET & CO.**  
**ADJUSTED FINANCIAL INFORMATION**  
(Unaudited)  
(In thousands except per share amounts)

*The non-GAAP financial information presented in this presentation should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, the Company's definition of such non-GAAP financial measures may differ from similarly titled measures used by other companies. Management believes that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. While it is not possible to predict future results, management believes the adjusted financial information is useful for the assessment of the ongoing operations of the Company because the adjusted items are not indicative of our ongoing operations due to their size and nature. Management uses adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. In addition, we present EBITDA and adjusted EBITDA for the twelve-months ended April 30, 2022 which are non-GAAP financial measures. EBITDA is defined as earnings before interest expense, income tax expense and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to remove certain special items. The non-GAAP financial information should be read in conjunction with the Company's historical financial statements and notes thereto contained in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. The table below reconciles the non-GAAP financial measures to their most directly comparable GAAP financial measures.*

	First Quarter	
	2022	2021
<b><u>Reconciliation of Reported to Adjusted Operating Income</u></b>		
Reported Operating Income - GAAP	\$ 94,122	\$ 225,686
Occupancy-related Legal Matter (a)	21,679	-
Adjusted Operating Income	\$ 115,801	\$ 225,686
<b><u>Reconciliation of Reported to Adjusted Net Income Attributable to Victoria's Secret &amp; Co.</u></b>		
Reported Net Income Attributable to Victoria's Secret & Co. - GAAP	\$ 80,823	\$ 174,032
Occupancy-related Legal Matter (a)	21,679	-
Tax Effect of Adjusted Items	(5,477)	-
Adjusted Net Income Attributable to Victoria's Secret & Co.	\$ 97,025	\$ 174,032
<b><u>Reconciliation of Reported to Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret &amp; Co.</u></b>		
Reported Net Income Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	\$ 0.93	\$ 1.97
Occupancy-related Legal Matter (a)	0.19	-
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 1.11	\$ 1.97

(a) 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.

**VICTORIA'S SECRET & CO.**  
**ADJUSTED FINANCIAL INFORMATION**  
**TWELVE-MONTHS ENDED APRIL 30, 2022**  
(Unaudited, in millions)

	Second Quarter 2021	Third Quarter 2021	Fourth Quarter 2021	First Quarter 2022	Twelve-Months Ended APRIL 30, 2022
<b><u>Reconciliation of Net Income Attributable to Victoria's Secret &amp; Co. to EBITDA</u></b>					
Net Income Attributable to Victoria's Secret & Co. - GAAP	\$ 151.1	\$ 75.2	\$ 246.1	\$ 80.8	\$ 553.2
Interest Expense	2.8	11.9	11.8	12.4	38.9
Income Tax Expense	47.9	21.4	76.9	1.9	148.1
Depreciation and Amortization	78.1	74.9	69.5	70.3	292.8
EBITDA	<u>\$ 279.9</u>	<u>\$ 183.4</u>	<u>\$ 404.3</u>	<u>\$ 165.4</u>	<u>\$ 1,033.0</u>
<b><u>Reconciliation of EBITDA to Adjusted EBITDA</u></b>					
EBITDA	\$ 279.9	\$ 183.4	\$ 404.3	\$ 165.4	\$ 1,033.0
Occupancy-related Legal Matter (a)	-	-	-	21.7	21.7
Adjusted EBITDA	<u>\$ 279.9</u>	<u>\$ 183.4</u>	<u>\$ 404.3</u>	<u>\$ 187.1</u>	<u>\$ 1,054.7</u>

(a) 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.

**SELECTED DATA**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
(Unaudited, in thousands)

**Capital Expenditures**

	2022	2021
First Quarter	\$ 21,181	\$ 19,303
Second Quarter	-	46,714
Spring Season	\$ 21,181	\$ 66,017
Third Quarter	-	50,574
Fourth Quarter	-	52,195
Year	<u>\$ 21,181</u>	<u>\$ 168,786</u>

**Depreciation & Amortization**

	2022	2021
First Quarter	\$ 70,288	\$ 80,046
Second Quarter	-	78,123
Spring Season	\$ 70,288	\$ 158,169
Third Quarter	-	74,862
Fourth Quarter	-	69,573
Year	<u>\$ 70,288</u>	<u>\$ 302,604</u>