

Third Quarter Earnings

November 29, 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, and any future performance or financial results expressed or implied by such forward-looking statements are not guarantees of future performance. 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,” “will,” “target,” “goal,” “project,” “plan,” “believe,” “seek,” “strive,” “expect,” “anticipate,” “intend,” “potential” and any similar expressions are intended to 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, and changes in consumer confidence, and consumer spending patterns;
 - 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;
 - 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 incorporate artificial intelligence into our business operations successfully and ethically while effectively managing the associated risks;
 - 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.

Adjusted¹ Consolidated Statements of Income (Loss)

Thirteen Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In millions except per share amounts)

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$1,265.1	\$1,318.1	(\$53.0)	-4%
<i>Comparable Store Sales</i>	-11%	-10%		
<i>Comparable Sales</i>	-7%	-11%		
Gross Profit	433.8	457.4	(23.6)	-5%
<i>% of Sales</i>	34.3%	34.7%	(40 bps)	
General, Administrative and Store Operating Expenses	494.1	414.8	79.3	19%
<i>% of Sales</i>	39.1%	31.5%	760 bps	
Operating Income (Loss)	(60.3)	42.6	(102.9)	-242%
<i>% of Sales</i>	-4.8%	3.2%	(800 bps)	
Interest Expense and Other	24.9	13.0	11.9	92%
Income (Loss) Before Income Taxes	(85.2)	29.6	(114.8)	-388%
Provision (Benefit) for Income Taxes	(19.4)	7.4	(26.8)	-362%
<i>% of Pre-Tax Income</i>	22.8%	25.0%		
Net Income (Loss)	(65.8)	22.2	(88.0)	-396%
<i>% of Sales</i>	-5.2%	1.7%	(690 bps)	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	0.5	(2.2)	2.7	123%
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$66.3)	\$24.4	(\$90.7)	-372%
<i>% of Sales</i>	-5.2%	1.8%	(700 bps)	
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.86)	\$0.29	(\$1.15)	-397%
Weighted Average Shares Outstanding ²	77.4	82.6		



¹ 2023 results are on an adjusted basis.

² Reported Weighted Average Shares Outstanding in the third quarter of 2023 reflects basic shares due to the Net Loss.

Refer to Non-GAAP Financial Information table in the Appendix for additional information including a reconciliation to the most directly comparable GAAP financial measure.

Adjusted¹ Consolidated Statements of Income (Loss)

Thirty-Nine Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In millions except per share amounts)

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$4,099.3	\$4,323.1	(\$223.8)	-5%
<i>Comparable Store Sales</i>	<i>-13%</i>	<i>-7%</i>		
<i>Comparable Sales</i>	<i>-10%</i>	<i>-9%</i>		
Gross Profit	1,441.4	1,549.0	(107.6)	-7%
<i>% of Sales</i>	<i>35.2%</i>	<i>35.8%</i>	<i>(60 bps)</i>	
General, Administrative and Store Operating Expenses	1,398.0	1,263.8	134.2	11%
<i>% of Sales</i>	<i>34.1%</i>	<i>29.2%</i>	<i>490 bps</i>	
Operating Income	43.4	285.2	(241.8)	-85%
<i>% of Sales</i>	<i>1.1%</i>	<i>6.6%</i>	<i>(550 bps)</i>	
Interest Expense and Other	69.2	43.4	25.8	59%
Income (Loss) Before Income Taxes	(25.8)	241.8	(267.6)	-111%
Provision (Benefit) for Income Taxes	(4.5)	38.0	(42.5)	-112%
<i>% of Pre-Tax Income</i>	<i>17.4%</i>	<i>15.7%</i>		
Net Income (Loss)	(21.3)	203.8	(225.1)	-110%
<i>% of Sales</i>	<i>-0.5%</i>	<i>4.7%</i>	<i>(520 bps)</i>	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	4.2	(9.6)	13.8	144%
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$25.5)	\$213.4	(\$238.9)	-112%
<i>% of Sales</i>	<i>-0.6%</i>	<i>4.9%</i>	<i>(550 bps)</i>	
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.33)	\$2.52	(\$2.85)	-113%
Weighted Average Shares Outstanding ²	77.6	84.7		

¹ 2023 and 2022 results are on an adjusted basis.

² Reported Weighted Average Shares Outstanding in 2023 reflects basic shares due to the Net Loss.

Refer to Non-GAAP Financial Information table in the Appendix for additional information including a reconciliation to the most directly comparable GAAP financial measure.



Consolidated Balance Sheets

(Unaudited – In thousands)

	October 28, 2023	October 29, 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$124,309	\$126,054
Accounts Receivable, Net	138,845	183,597
Inventories	1,210,837	1,241,583
Other	161,512	157,609
Total Current Assets	1,635,503	1,708,843
Property and Equipment, Net	871,230	854,692
Operating Lease Assets	1,311,167	1,228,395
Goodwill	364,622	-
Trade Names	285,520	246,300
Other Intangible Assets	121,327	-
Deferred Income Taxes	15,359	19,966
Other Assets	81,950	84,255
TOTAL ASSETS	\$4,686,678	\$4,142,451
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$449,435	\$396,880
Accrued Expenses and Other	624,302	618,005
Current Debt	4,068	4,000
Current Operating Lease Liabilities	288,017	304,762
Income Taxes	2,437	7,884
Total Current Liabilities	1,368,259	1,331,531
Deferred Income Taxes	59,896	59,066
Long-Term Debt	1,530,161	1,243,685
Long-Term Operating Lease Liabilities	1,279,162	1,207,661
Other Long-Term Liabilities	211,389	48,445
Victoria's Secret & Co. Shareholders' Equity	220,028	234,838
Noncontrolling Interest	17,783	17,225
TOTAL LIABILITIES AND EQUITY	\$4,686,678	\$4,142,451



2023 Outlook

(As of November 29, 2023)

	Fourth Quarter	Full Year
Net Sales	Increase 2% to 4% compared to \$2.021 billion in 2022	Decrease 2% to 3% compared to \$6.344 billion in 2022
Adjusted Gross Margin Rate	Approximately 38.5% to 39.5%, up from 2022 rate of 37.6%	-
Adjusted SG&A Expense Rate	Approximately 26% to 27%, compared to 2022 rate of 23.7%	-
Adjusted Operating Income	Between \$245 million and \$285 million	Between \$290 million and \$330 million
Adjusted Net Non-Operating Expense	Approximately \$25 million	-
Adjusted Tax Rate (before discrete items)	Approximately 21% to 22%	-
Weighted Average Diluted Shares Outstanding	Approximately 78 million	Approximately 78 million
Adjusted Net Income Per Diluted Share Attributable to VS&Co	Between \$2.20 and \$2.60	Between \$1.85 and \$2.25
Capital Expenditures	-	Approximately \$255 million
Free Cash Flow ¹	-	Approximately \$150 million to \$200 million

¹ Defined as operating cash flow less capital expenditures.



Store Count & 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	(13 to 16)	53	811 to 814	(1) to 2	0%
Selling Sq Ft 000's	5,617	63	(46 to 61)	(81)	5,538 to 5,553	(79 to 64)	(1%)
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	(15 to 18)	55	834 to 837	(3) to 0	0%
Selling Sq Ft 000's	5,863	63	(74 to 89)	(87)	5,750 to 5,765	(113 to 98)	(2%)
China Joint Venture							
Beauty & Accessories Store Count	39	2	(5)	-	36	(3)	(8%)
Full Assortment Store Count	33	2 to 3	(1)	-	34 to 35	1 to 2	3% to 6%
Subtotal China Joint Venture Store Count	72	4 to 5	(6)	-	70 to 71	(2) to (1)	(3%) to (1%)
Partner-Operated							
Beauty & Accessories Store Count	308	28 to 31	(29 to 31)	-	305 to 310	(3) to 2	(1%) to 1%
Full Assortment Store Count	135	35 to 38	(10 to 12)	-	158 to 163	23 to 28	17% to 21%
Subtotal Partner-Operated Store Count	443	63 to 69	(39 to 43)	-	463 to 473	20 to 30	5% to 7%
Adore Me							
Store Count	6	-	-	-	6	-	-
Selling Sq Ft 000's	23	-	-	-	23	-	-
Total Store Count	1,358	82 to 89	(60 to 67)	-	1,373 to 1,387	15 to 29	1% to 2%



APPENDIX



Consolidated Statements of Income (Loss)

Thirteen Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In thousands except per share amounts)

	2023	2022
Net Sales	\$1,265,087	\$1,318,077
Costs of Goods Sold, Buying and Occupancy	(837,712)	(860,705)
Gross Profit	427,375	457,372
General, Administrative and Store Operating Expenses	(494,495)	(414,784)
Operating Income (Loss)	(67,120)	42,588
Interest Expense	(26,305)	(15,329)
Other Income	331	2,383
Income (Loss) Before Income Taxes	(93,094)	29,642
Provision (Benefit) for Income Taxes	(22,422)	7,425
Net Income (Loss)	(70,672)	22,217
Less: Net Income (Loss) Attributable to Noncontrolling Interest	512	(2,151)
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$71,184)	\$24,368
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.92)	\$0.29
Weighted Average Shares Outstanding ¹	77,369	82,628

¹ - Reported Weighted Average Shares Outstanding in the third quarter of 2023 reflects basic shares due to the Net Loss.



Consolidated Statements of Income (Loss)

Thirty-Nine Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In thousands except per share amounts)

	2023	2022
Net Sales	\$4,099,338	\$4,323,091
Costs of Goods Sold, Buying and Occupancy	(2,682,995)	(2,808,963)
Gross Profit	1,416,343	1,514,128
General, Administrative and Store Operating Expenses	(1,429,143)	(1,279,906)
Operating Income (Loss)	(12,800)	234,222
Interest Expense	(72,777)	(40,710)
Other Income (Loss)	227	(2,655)
Income (Loss) Before Income Taxes	(85,350)	190,857
Provision (Benefit) for Income Taxes	(17,618)	25,285
Net Income (Loss)	(67,732)	165,572
Less: Net Income (Loss) Attributable to Noncontrolling Interest	4,155	(9,545)
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$71,887)	\$175,117
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.93)	\$2.07
Weighted Average Shares Outstanding ¹	77,627	84,659

¹ - Reported Weighted Average Shares Outstanding in 2023 reflects basic shares due to the Net Loss.



Selected Data

Thirteen Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In thousands)

Capital Expenditures	2023	2022
First Quarter	\$54,851	\$21,181
Second Quarter	89,105	37,058
Spring Season	\$143,956	\$58,239
Third Quarter	79,630	67,052
Fourth Quarter	-	38,636
Year	\$223,586	\$163,927

Depreciation & Amortization	2023 ¹	2022
First Quarter	\$72,555	\$70,288
Second Quarter	72,654	69,889
Spring Season	\$145,209	\$140,177
Third Quarter	70,341	67,558
Fourth Quarter	-	66,099
Year	\$215,550	\$273,834

¹ Year-to-date 2023 includes \$18.9 million of intangible asset amortization expense related to the acquisition of Adore Me.



Non-GAAP Financial Information

Thirty-Nine Weeks Ended October 28, 2023 & October 29, 2022
(Unaudited – In millions)

In addition to our results provided in accordance with GAAP, this presentation provides non-GAAP financial measures that present operating income (loss), net income (loss) attributable to Victoria's Secret & Co. and net income (loss) 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 tables below reconcile the GAAP financial measures to the non-GAAP financial measures.

Free Cash Flow ¹

	2023	2022
Net Cash Used for Operating Activities	\$ (200)	\$ (279)
Capital Expenditures	(224)	(125)
Free Cash Outflow	<u>\$ (424)</u>	<u>\$ (404)</u>

¹ - Defined as operating cash flow less capital expenditures.



Non-GAAP Financial Information

(Unaudited – In thousands except per share amounts)

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Reconciliation of Reported to Adjusted Gross Profit				
Reported Gross Profit - GAAP	\$427,375	\$457,372	\$1,416,343	\$1,514,128
% Net Sales	33.8%	34.7%	34.6%	35.0%
Adore Me Acquisition-related Items (a)	6,474	-	21,735	-
Restructuring Charges (c)	-	-	3,276	13,163
Occupancy-related Legal Matter (d)	-	-	-	21,679
Adjusted Gross Profit	\$433,849	\$457,372	\$1,441,354	\$1,548,970
% Net Sales	34.3%	34.7%	35.2%	35.8%
Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses				
Reported General, Administrative and Store Operating Expenses - GAAP	\$494,495	\$414,784	\$1,429,143	\$1,279,906
% Net Sales	39.1%	31.5%	34.9%	29.6%
Adore Me Acquisition-related Items (a)	5,900	-	(4,526)	-
Amortization of Intangible Assets (b)	(6,284)	-	(18,852)	-
Restructuring Charges (c)	-	-	(7,849)	(16,185)
Adjusted General, Administrative and Store Operating Expenses	\$494,111	\$414,784	\$1,397,916	\$1,263,721
% Net Sales	39.1%	31.5%	34.1%	29.2%
Reconciliation of Reported to Adjusted Operating Income (Loss)				
Reported Operating Income (Loss) - GAAP	(\$67,120)	\$42,588	(\$12,800)	\$234,222
% Net Sales	-5.3%	3.2%	-0.3%	5.4%
Adore Me Acquisition-related Items (a)	574	-	26,261	-
Amortization of Intangible Assets (b)	6,284	-	18,852	-
Restructuring Charges (c)	-	-	11,125	29,348
Occupancy-related Legal Matter (d)	-	-	-	21,679
Adjusted Operating Income (Loss)	(\$60,262)	\$42,588	\$43,438	\$285,249
% Net Sales	-4.8%	3.2%	1.1%	6.6%
Reconciliation of Reported to Adjusted Net Income (Loss) Attributable to Victoria's Secret & Co.				
Reported Net Income (Loss) Attributable to Victoria's Secret & Co. - GAAP	(\$71,184)	\$24,368	(\$71,887)	\$175,117
Adore Me Acquisition-related Items (a)	1,669	-	29,546	-
Amortization of Intangible Assets (b)	6,284	-	18,852	-
Restructuring Charges (c)	-	-	11,125	29,348
Occupancy-related Legal Matter (d)	-	-	-	21,679
Tax Effect of Adjusted Items	(3,029)	-	(13,134)	(12,755)
Adjusted Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$66,260)	\$24,368	(\$25,498)	\$213,389
Reconciliation of Reported to Adjusted Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.				
Reported Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	(\$0.92)	\$0.29	(\$0.93)	\$2.07
Adore Me Acquisition-related Items (a)	-	-	0.31	-
Amortization of Intangible Assets (b)	0.06	-	0.18	-
Restructuring Charges (c)	-	-	0.11	0.26
Occupancy-related Legal Matter (d)	-	-	-	0.19
Adjusted Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.86)	\$0.29	(\$0.33)	\$2.52

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



Non-GAAP Financial Information

(Unaudited)

- (a) In the third quarter of 2023, we recognized a \$1.7 million charge (\$0.3 million net of tax of \$1.4 million), \$6.5 million expense included in costs of goods sold and \$1.1 million expense included in interest expense, partially offset by \$5.9 million income included in general, administrative and store operating expense, related to the financial impact of purchase accounting items related to the acquisition of Adore Me. Year-to-date 2023, we recognized \$29.5 million charges (\$24.0 million net of tax of \$5.5 million), \$21.7 million included in costs of goods sold, \$4.5 million included in general, administrative and store operating expense and \$3.3 million included in interest expense, related to the financial impact of purchase accounting items and professional service costs related to the acquisition of Adore Me.
- (b) In the third 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. Year-to-date 2023, we recognized \$18.9 million of amortization expense (\$14.0 million net of tax of \$4.9 million) included in general, administrative and store operating expense related to the acquisition of Adore Me.
- (c) 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. In the second quarter of 2022, we recognized a \$29.3 million charge (\$22.1 million net of tax of \$7.2 million), \$16.2 million included in general, administrative and store operating expense and \$13.1 million included in buying and occupancy expense, related to restructuring activities to reorganize our leadership structure.
- (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.

Forecasted adjusted operating income and adjusted net income per diluted share for the full year and fourth quarter 2023 excludes the financial impact of purchase accounting items related to the Adore Me acquisition, including recognition in gross profit of purchase accounting fair value adjustments to acquired inventories as it is sold and expense (income) related to changes in the estimated fair value of contingent consideration and performance-based payments, as well as the amortization of intangible assets. We are not able to provide a reconciliation of forward-looking adjusted operating income or adjusted net income per diluted share to the most directly comparable forward-looking GAAP financial measures because we are unable to provide a meaningful or accurate reconciliation or estimation of certain reconciling items without unreasonable effort, due to the inherent difficulty in forecasting the timing of, and quantifying, the various purchase accounting items that are necessary for such reconciliation.

“International system-wide retail sales” means the sales of merchandise sold through stores and digital channels operated by our partners under franchise, license, wholesale and joint venture arrangements. While international system-wide retail sales are not recorded as net sales in our financial statements, management believes the information is important in understanding our financial performance because these sales are the basis on which we calculate and record certain net sales for our International business and are indicative of the financial health of our franchise, license, wholesale and joint venture partners and the prospects for growth of our International business.

