

Third Quarter Earnings

November 30, 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 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 pending 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 18, 2022.

VICTORIA'S SECRET & CO.
CONSOLIDATED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED OCTOBER 29, 2022 AND OCTOBER 30, 2021
(Unaudited)
(In millions except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,318.1	\$ 1,441.1	\$ (123.0)	-9%
Comparable Store Sales	-10%	7%		
Comparable Sales	-11%	0%		
Gross Profit	457.4	565.1	(107.7)	-19%
% of Sales	34.7%	39.2%	(450 bps)	
General, Administrative and Store Operating Expenses	414.8	457.2	(42.4)	-9%
% of Sales	31.5%	31.7%	(20 bps)	
Operating Income	42.6	107.9	(65.3)	-61%
% of Sales	3.2%	7.5%	(430 bps)	
Interest Expense and Other Income	13.0	11.3	1.7	15%
Income Before Income Taxes	29.6	96.6	(67.0)	-69%
Provision for Income Taxes	7.4	21.4	(14.0)	-65%
% of Pre-Tax Income	25.0%	22.2%		
Net Income	22.2	75.2	(53.0)	-70%
% of Sales	1.7%	5.2%	(350 bps)	
Less: Net Loss Attributable to Noncontrolling Interest	(2.2)	-	(2.2)	-
Net Income Attributable to Victoria's Secret & Co.	\$ 24.4	\$ 75.2	\$ (50.8)	-68%
% of Sales	1.8%	5.2%	(340 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 0.29	\$ 0.81	\$ (0.52)	-64%
Weighted Average Shares Outstanding	82.6	92.4		

VICTORIA'S SECRET & CO.
ADJUSTED ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTY-NINE WEEKS ENDED OCTOBER 29, 2022 AND OCTOBER 30, 2021
(Unaudited)
(In millions except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 4,323.1	\$ 4,609.2	\$ (286.1)	-6%
Comparable Store Sales	-7%	8%		
Comparable Sales	-9%	3%		
Gross Profit	1,549.0	1,906.8	(357.8)	-19%
% of Sales	35.8%	41.4%	(560 bps)	
General, Administrative and Store Operating Expenses	1,263.8	1,370.5	(106.7)	-8%
% of Sales	29.2%	29.7%	(50 bps)	
Operating Income	<u>285.2</u>	<u>536.3</u>	(251.1)	-47%
% of Sales	6.6%	11.6%	(500 bps)	
Interest Expense and Other Loss	<u>43.4</u>	<u>16.1</u>	27.3	170%
Income Before Income Taxes	241.8	520.2	(278.4)	-54%
Provision for Income Taxes	38.0	119.9	(81.9)	-68%
% of Pre-Tax Income	15.7%	23.0%		
Net Income	<u>\$ 203.8</u>	<u>\$ 400.3</u>	\$ (196.5)	-49%
% of Sales	4.7%	8.7%	(400 bps)	
Less: Net Loss Attributable to Noncontrolling Interest	(9.6)	-	(9.6)	-
Net Income Attributable to Victoria's Secret & Co.	<u>213.4</u>	<u>400.3</u>	\$ (186.9)	-47%
% of Sales	4.9%	8.7%	(380 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 2.52</u>	<u>\$ 4.46</u>	\$ (1.94)	-43%
Weighted Average Shares Outstanding ²	<u>84.7</u>	<u>89.7</u>		

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

2 - Reported Weighted Average Shares Outstanding reflects diluted shares in the first, second and third quarters 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 BALANCE SHEETS
(Unaudited)
(In thousands)

	<u>October 29, 2022</u>	<u>October 30, 2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 126,054	\$ 330,527
Accounts Receivable, Net	183,597	145,222
Inventories	1,241,583	1,019,376
Other	<u>157,609</u>	<u>113,642</u>
Total Current Assets	1,708,843	1,608,767
Property and Equipment, Net	854,692	975,575
Operating Lease Assets	1,228,395	1,447,971
Trade Name	246,300	246,300
Deferred Income Taxes	19,966	10,001
Other Assets	<u>84,255</u>	<u>80,698</u>
TOTAL ASSETS	<u>\$ 4,142,451</u>	<u>\$ 4,369,312</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 396,880	\$ 560,082
Accrued Expenses and Other	618,005	695,655
Current Debt	4,000	4,000
Current Operating Lease Liabilities	304,762	319,802
Income Taxes	<u>7,884</u>	<u>18,404</u>
Total Current Liabilities	1,331,531	1,597,943
Deferred Income Taxes	59,066	107,095
Long-Term Debt	1,243,685	977,998
Long-Term Operating Lease Liabilities	1,207,661	1,391,457
Other Long-Term Liabilities	48,445	42,907
Victoria's Secret & Co. Shareholders' Equity	234,838	251,912
Noncontrolling Interest	<u>17,225</u>	<u>-</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 4,142,451</u>	<u>\$ 4,369,312</u>

VICTORIA'S SECRET & CO.
2022 Outlook as of November 30, 2022

	<u>Fourth Quarter</u>	<u>Full Year</u>
Net Sales	Decrease high-single digits compared to \$2.175 billion in 2021	Decrease 6% to 7% compared to \$6.785 billion in 2021
Gross Margin Rate	Approximately 37% to 38%, down from 2021 rate of 39.2%	-
SG&A Expense Rate	Approximately 24% to 25%, deleveraged from 2021 rate of 23.9%	-
Adjusted Operating Income	Between \$240 million and \$290 million	Between \$525 million and \$575 million
Net Non-Operating Expense	Approximately \$18 million to \$20 million	-
Tax Rate (before discrete items)	Approximately 25%	-
Weighted Average Diluted Shares Outstanding	Approximately 83 million	Approximately 84 million
Adjusted Net Income Per Diluted Share Attributable to VS&Co	Between \$2.00 and \$2.45	Between \$4.50 and \$4.95
Capital Expenditures	-	Approximately \$200 million
Free Cash Flow ¹	-	Approximately \$300 million to \$325 million

¹ Defined as operating cash flow less capital expenditures.

**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	
Company-Operated								
U.S.								
Store Count	808	16	(9 to 14)	-	14	810 to 815	2 to 7	0% to 1%
Selling Sq Ft 000's	5,609	67	(38 to 66)	-	(9)	5,601 to 5,629	(8) to 20	0%
Canada								
Store Count	26	-	(1)	-	-	25	(1)	(4%)
Selling Sq Ft 000's	253	-	(5)	-	-	248	(5)	(2%)
Subtotal Company-Operated								
Store Count	834	16	(10 to 15)	-	14	835 to 840	1 to 6	0% to 1%
Selling Sq Ft 000's	5,862	67	(43 to 71)	-	(9)	5,849 to 5,877	(13) to 15	0%
China Joint Venture								
Beauty & Accessories (a)								
Store Count	35	4 to 6	(7 to 9)	8	-	38 to 42	(5 to 1)	(14% to 3%)
Full Assortment								
Store Count	30	5	(2)	-	-	33	3	10%
Subtotal China Joint Venture								
Store Count	65	9 to 11	(9 to 11)	8	-	71 to 75	(2) to 2	(3%) to 3%
Partner-Operated								
Beauty & Accessories								
Store Count	335	19 to 21	(38 to 40)	(8)	-	306 to 310	(21 to 17)	(6% to 5%)
Full Assortment								
Store Count	128	22 to 23	(10)	-	-	140 to 141	12 to 13	9% to 10%
Subtotal Partner-Operated								
Store Count	463	41 to 44	(48 to 50)	(8)	-	446 to 451	(9) to (4)	(2% to 1%)
Total								
Store Count	1,362	66 to 71	(67 to 76)	-	14	1,352 to 1,366	(10) to 4	(1%) to 0%

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

APPENDIX

VS&Co

VICTORIA'S SECRET & CO.
CONSOLIDATED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED OCTOBER 29, 2022 AND OCTOBER 30, 2021
(Unaudited)
(In thousands except per share amounts)

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 1,318,077	\$ 1,441,134
Costs of Goods Sold, Buying and Occupancy	<u>(860,705)</u>	<u>(876,067)</u>
Gross Profit	457,372	565,067
General, Administrative and Store Operating Expenses	<u>(414,784)</u>	<u>(457,153)</u>
Operating Income	42,588	107,914
Interest Expense	(15,329)	(11,917)
Other Income	<u>2,383</u>	<u>632</u>
Income Before Income Taxes	29,642	96,629
Provision for Income Taxes	<u>7,425</u>	<u>21,416</u>
Net Income	22,217	75,213
Less: Net Loss Attributable to Noncontrolling Interest	<u>(2,151)</u>	<u>-</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 24,368</u>	<u>\$ 75,213</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.29</u>	<u>\$ 0.81</u>
Weighted Average Shares Outstanding	<u>82,628</u>	<u>92,449</u>

VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTY-NINE WEEKS ENDED OCTOBER 29, 2022 AND OCTOBER 30, 2021

(Unaudited)

(In thousands except per share amounts)

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 4,323,091	\$ 4,609,201
Costs of Goods Sold, Buying and Occupancy	<u>(2,808,963)</u>	<u>(2,702,408)</u>
Gross Profit	1,514,128	1,906,793
General, Administrative and Store Operating Expenses	<u>(1,279,906)</u>	<u>(1,370,462)</u>
Operating Income	234,222	536,331
Interest Expense	(40,710)	(15,659)
Other Loss	<u>(2,655)</u>	<u>(465)</u>
Income Before Income Taxes	190,857	520,207
Provision for Income Taxes	<u>25,285</u>	<u>119,878</u>
Net Income	165,572	400,329
Less: Net Loss Attributable to Noncontrolling Interest	<u>(9,545)</u>	<u>-</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 175,117</u>	<u>\$ 400,329</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 2.07</u>	<u>\$ 4.46</u>
Weighted Average Shares Outstanding ¹	<u>84,659</u>	<u>89,685</u>

1 - Reported Weighted Average Shares Outstanding reflects diluted shares in the first, second and third quarters 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.

SELECTED DATA
THIRTY-NINE WEEKS ENDED OCTOBER 29, 2022 AND OCTOBER 30, 2021
(Unaudited, in thousands)

Capital Expenditures

	<u>2022</u>	<u>2021</u>
First Quarter	\$ 21,181	\$ 19,303
Second Quarter	37,058	46,714
Spring Season	\$ 58,239	\$ 66,017
Third Quarter	67,052	50,574
Fourth Quarter	-	52,195
Year	<u>\$ 125,291</u>	<u>\$ 168,786</u>

Depreciation & Amortization

	<u>2022</u>	<u>2021</u>
First Quarter	\$ 70,288	\$ 80,046
Second Quarter	69,889	78,123
Spring Season	\$ 140,177	\$ 158,169
Third Quarter	67,558	74,862
Fourth Quarter	-	69,573
Year	<u>\$ 207,735</u>	<u>\$ 302,604</u>

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

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. 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.

		Forecasted Full Year Ending January 28, 2023
<u>Reconciliation of GAAP to Adjusted Operating Income</u>		
Operating Income - GAAP	\$	474 to 524
Occupancy-related Legal Matter (a)		22
Restructuring Charge (b)		29
Adjusted Operating Income	<u>\$</u>	<u>525 to 575</u>
 <u>Reconciliation of GAAP to Adjusted Net Income Attributable to Victoria's Secret & Co.</u>		
Net Income Attributable to Victoria's Secret & Co. - GAAP	\$	341 to 379
Occupancy-related Legal Matter (a)		22
Restructuring Charge (b)		29
Tax Effect of Adjusted Items		(13)
Adjusted Net Income Attributable to Victoria's Secret & Co.	<u>\$</u>	<u>379 to 417</u>
 <u>Reconciliation of GAAP to Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.</u>		
Net Income Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	\$	4.05 to 4.50
Occupancy-related Legal Matter (a)		0.19
Restructuring Charge (b)		0.26
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$</u>	<u>4.50 to 4.95</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.

(b) 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.

VICTORIA'S SECRET & CO.
NON-GAAP FINANCIAL INFORMATION
(Unaudited)
(In thousands except per share amounts)

	Third Quarter		Year-to-Date	
	2022	2021	2022	2021
<u>Reconciliation of Reported to Adjusted Gross Profit</u>				
Reported Gross Profit - GAAP	\$ 457,372	\$ 565,067	\$ 1,514,128	\$ 1,906,793
% Net Sales	34.7%	39.2%	35.0%	41.4%
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	-	-	13,163	-
Adjusted Gross Profit	<u>\$ 457,372</u>	<u>\$ 565,067</u>	<u>\$ 1,548,970</u>	<u>\$ 1,906,793</u>
% Net Sales	34.7%	39.2%	35.8%	41.4%
<u>Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses</u>				
Reported General, Administrative and Store Operating Expenses - GAAP	\$ 414,784	\$ 457,153	\$ 1,279,906	\$ 1,370,462
% Net Sales	31.5%	31.7%	29.6%	29.7%
Occupancy-related Legal Matter (a)	-	-	-	-
Restructuring Charge (b)	-	-	(16,185)	-
Adjusted General, Administrative and Store Operating Expenses	<u>\$ 414,784</u>	<u>\$ 457,153</u>	<u>\$ 1,263,721</u>	<u>\$ 1,370,462</u>
% Net Sales	31.5%	31.7%	29.2%	29.7%
<u>Reconciliation of Reported to Adjusted Operating Income</u>				
Reported Operating Income - GAAP	\$ 42,588	\$ 107,914	\$ 234,222	\$ 536,331
% Net Sales	3.2%	7.5%	5.4%	11.6%
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	-	-	29,348	-
Adjusted Operating Income	<u>\$ 42,588</u>	<u>\$ 107,914</u>	<u>\$ 285,249</u>	<u>\$ 536,331</u>
% Net Sales	3.2%	7.5%	6.6%	11.6%
<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	\$ 24,368	\$ 75,213	\$ 175,117	\$ 400,329
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	-	-	29,348	-
Tax Effect of Adjusted Items	-	-	(12,755)	-
Adjusted Net Income Attributable to Victoria's Secret & Co.	<u>\$ 24,368</u>	<u>\$ 75,213</u>	<u>\$ 213,389</u>	<u>\$ 400,329</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	\$ 0.29	\$ 0.81	\$ 2.07	\$ 4.46
Occupancy-related Legal Matter (a)	-	-	0.19	-
Restructuring Charge (b)	-	-	0.26	-
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.29</u>	<u>\$ 0.81</u>	<u>\$ 2.52</u>	<u>\$ 4.46</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.

(b) 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.