

Second Quarter Earnings

August 24, 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

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 - 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 ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED JULY 30, 2022 AND JULY 31, 2021
(Unaudited)
(In millions except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,521.2	\$ 1,613.8	\$ (92.6)	-6%
Comparable Store Sales	-7%	16%		
Comparable Sales	-8%	-9%		
Gross Profit	548.4	669.6	(121.2)	-18%
% of Sales	36.1%	41.5%	(540 bps)	
General, Administrative and Store Operating Expenses	421.5	466.9	(45.4)	-10%
% of Sales	27.7%	28.9%	(120 bps)	
Operating Income	<u>126.9</u>	<u>202.7</u>	(75.8)	-37%
% of Sales	8.3%	12.6%	(430 bps)	
Interest Expense and Other Loss	<u>14.3</u>	<u>3.7</u>	10.6	286%
Income Before Income Taxes	112.6	199.0	(86.4)	-43%
Provision for Income Taxes	23.3	47.9	(24.6)	-51%
% of Pre-Tax Income	20.7%	24.1%		
Net Income	<u>89.3</u>	<u>151.1</u>	(61.8)	-41%
% of Sales	5.9%	9.4%	(350 bps)	
Less: Net Loss Attributable to Noncontrolling Interest	(2.7)	-	(2.7)	-
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 92.0</u>	<u>\$ 151.1</u>	\$ (59.1)	-39%
% of Sales	6.0%	9.4%	(340 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 1.09</u>	<u>\$ 1.71</u>	\$ (0.62)	-36%
Weighted Average Shares Outstanding ²	<u>84.3</u>	<u>88.3</u>		

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 second 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.
ADJUSTED ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
TWENTY-SIX WEEKS ENDED JULY 30, 2022 AND JULY 31, 2021
(Unaudited)
(In millions except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 3,005.0	\$ 3,168.1	\$ (163.1)	-5%
Comparable Store Sales	-5%	9%		
Comparable Sales	-8%	6%		
Gross Profit	1,091.6	1,341.7	(250.1)	-19%
% of Sales	36.3%	42.3%	(600 bps)	
General, Administrative and Store Operating Expenses	848.9	913.3	(64.4)	-7%
% of Sales	28.3%	28.8%	(50 bps)	
Operating Income	<u>242.7</u>	<u>428.4</u>	(185.7)	-43%
% of Sales	8.1%	13.5%	(540 bps)	
Interest Expense and Other Loss	<u>30.5</u>	<u>4.8</u>	25.7	535%
Income Before Income Taxes	212.2	423.6	(211.4)	-50%
Provision for Income Taxes	30.6	98.5	(67.9)	-69%
% of Pre-Tax Income	14.4%	23.2%		
Net Income	<u>\$ 181.6</u>	<u>\$ 325.1</u>	\$ (143.5)	-44%
% of Sales	6.0%	10.3%	(430 bps)	
Less: Net Loss Attributable to Noncontrolling Interest	(7.4)	-	(7.4)	-
Net Income Attributable to Victoria's Secret & Co.	<u>189.0</u>	<u>325.1</u>	\$ (136.1)	-42%
% of Sales	6.3%	10.3%	(400 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 2.21</u>	<u>\$ 3.68</u>	\$ (1.47)	-40%
Weighted Average Shares Outstanding ²	<u>85.7</u>	<u>88.3</u>		

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 and second 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 AND COMBINED BALANCE SHEETS
(Unaudited)
(In thousands)

	July 30, 2022	July 31, 2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 200,960	\$ 292,854
Cash in Escrow related to the Spin-Off	-	600,000
Accounts Receivable, Net	149,325	98,543
Inventories	1,085,791	744,512
Other	115,446	89,675
Total Current Assets	1,551,522	1,825,584
Property and Equipment, Net	864,266	999,132
Operating Lease Assets	1,297,590	1,513,073
Trade Name	246,300	246,300
Deferred Income Taxes	20,613	12,459
Other Assets	91,935	61,305
TOTAL ASSETS	\$ 4,072,226	\$ 4,657,853
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 490,485	\$ 371,394
Accrued Expenses and Other	622,635	704,809
Current Debt	4,000	-
Current Operating Lease Liabilities	321,409	331,801
Income Taxes	6,353	27,922
Total Current Liabilities	1,444,882	1,435,926
Deferred Income Taxes	60,115	70,338
Long-Term Debt	977,076	591,214
Long-term Debt due to Former Parent	-	96,731
Long-Term Operating Lease Liabilities	1,268,543	1,456,529
Other Long-Term Liabilities	52,700	123,670
Victoria's Secret & Co. Shareholders' Equity	247,117	883,445
Noncontrolling Interest	21,793	-
TOTAL LIABILITIES AND EQUITY	\$ 4,072,226	\$ 4,657,853

VICTORIA'S SECRET & CO.
2022 Outlook as of August 24, 2022

	<u>Third Quarter</u>	<u>Full Year</u>
Net Sales	Decrease high single digits compared to \$1.441 billion in 2021	Decrease mid to high single digits compared to \$6.785 billion in 2021
Gross Margin Rate	About 34%, down from 2021 rate of 39.2%	-
SG&A Expense Rate	About 32%, similar to 2021 rate of 31.7%	-
Adjusted Operating Income	Between \$10 million and \$40 million	Between \$525 million and \$575 million
Net Non-Operating Expense	Approximately \$15 million	-
Tax Rate (before discrete items)	Approximately 25%	-
Weighted Average Diluted Shares Outstanding	Approximately 83 million	-
Net Income Per Diluted Share Attributable to VS&Co	Between \$0.00 and \$0.25	-
Capital Expenditures	-	Approximately \$200 million
Free Cash Flow ¹	-	Approximately \$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 19)	-	14	805 to 815	(3) to 7	0% to 1%
Selling Sq Ft 000's	5,609	71	(44 to 95)	-	(12)	5,573 to 5,624	(36) to 15	(1%) to 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 20)	-	14	830 to 840	(4) to 6	0% to 1%
Selling Sq Ft 000's	5,862	71	(49 to 100)	-	(12)	5,821 to 5,872	(41) to 10	(1%) to 0%
China Joint Venture								
Beauty & Accessories (a)								
Store Count	35	2 to 5	(5 to 6)	8	-	39 to 43	(4) to 0	(11%) to 0%
Full Assortment								
Store Count	30	2 to 4	(1 to 2)	-	-	30 to 33	0 to 3	0% to 10%
Subtotal China Joint Venture								
Store Count	65	4 to 9	(6 to 8)	8	-	69 to 76	(4) to 3	(6%) to 5%
Partner-Operated								
Beauty & Accessories								
Store Count	335	14 to 18	(27 to 33)	(8)	-	308 to 318	(19 to 9)	(6% to 3%)
Full Assortment								
Store Count	128	21 to 24	(7 to 9)	-	-	140 to 145	12 to 17	9% to 13%
Subtotal Partner-Operated								
Store Count	463	35 to 42	(34 to 42)	(8)	-	448 to 463	(7) to 8	(2%) to 2%
Total								
Store Count	1,362	55 to 67	(50 to 70)	-	14	1,347 to 1,379	(15) to 17	(1%) to 1%

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

APPENDIX

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VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED JULY 30, 2022 AND JULY 31, 2021
(Unaudited)
(In thousands except per share amounts)

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 1,521,208	\$ 1,613,847
Costs of Goods Sold, Buying and Occupancy	<u>(985,957)</u>	<u>(944,261)</u>
Gross Profit	535,251	669,586
General, Administrative and Store Operating Expenses	<u>(437,739)</u>	<u>(466,855)</u>
Operating Income	97,512	202,731
Interest Expense	(12,968)	(2,812)
Other Loss	<u>(1,328)</u>	<u>(907)</u>
Income Before Income Taxes	83,216	199,012
Provision for Income Taxes	<u>16,005</u>	<u>47,928</u>
Net Income	67,211	151,084
Less: Net Loss Attributable to Noncontrolling Interest	<u>(2,715)</u>	<u>-</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 69,926</u>	<u>\$ 151,084</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 0.83</u>	<u>\$ 1.71</u>
Weighted Average Shares Outstanding ¹	<u>84,292</u>	<u>88,303</u>

1 - Reported Weighted Average Shares Outstanding reflects diluted shares in the second 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.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
TWENTY-SIX WEEKS ENDED JULY 30, 2022 AND JULY 31, 2021

(Unaudited)

(In thousands except per share amounts)

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 3,005,014	\$ 3,168,067
Costs of Goods Sold, Buying and Occupancy	<u>(1,948,257)</u>	<u>(1,826,341)</u>
Gross Profit	1,056,757	1,341,726
General, Administrative and Store Operating Expenses	<u>(865,122)</u>	<u>(913,309)</u>
Operating Income	191,635	428,417
Interest Expense	(25,382)	(3,742)
Other Loss	<u>(5,037)</u>	<u>(1,098)</u>
Income Before Income Taxes	161,216	423,577
Provision for Income Taxes	<u>17,861</u>	<u>98,462</u>
Net Income	143,355	325,115
Less: Net Loss Attributable to Noncontrolling Interest	<u>(7,394)</u>	<u>-</u>
Net Income Attributable to Victoria's Secret & Co.	<u>\$ 150,749</u>	<u>\$ 325,115</u>
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 1.76</u>	<u>\$ 3.68</u>
Weighted Average Shares Outstanding ¹	<u>85,674</u>	<u>88,303</u>

1 - Reported Weighted Average Shares Outstanding reflects diluted shares in the first and second 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
TWENTY-SIX WEEKS ENDED JULY 30, 2022 AND JULY 31, 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	-	50,574
Fourth Quarter	-	52,195
Year	<u>\$ 58,239</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	-	74,862
Fourth Quarter	-	69,573
Year	<u>\$ 140,177</u>	<u>\$ 302,604</u>

VICTORIA'S SECRET & CO.
ADJUSTED 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.

(in millions)	Forecasted Full Year Ended January 28, 2023
<u>Reconciliation of Operating Income 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>\$ 525 to 575</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.
ADJUSTED FINANCIAL INFORMATION
(Unaudited)
(In thousands except per share amounts)

	Second Quarter		Year-to-Date	
	2022	2021	2022	2021
<u>Reconciliation of Reported to Adjusted Gross Profit</u>				
Reported Gross Profit - GAAP	\$ 535,251	\$ 669,586	\$ 1,056,757	\$ 1,341,726
% Net Sales	35.2%	41.5%	35.2%	42.3%
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	13,163	-	13,163	-
Adjusted Gross Profit	<u>\$ 548,414</u>	<u>\$ 669,586</u>	<u>\$ 1,091,599</u>	<u>\$ 1,341,726</u>
% Net Sales	36.1%	41.5%	36.3%	42.3%
<u>Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses</u>				
Reported General, Administrative and Store Operating Expenses - GAAP	\$ 437,739	\$ 466,855	\$ 865,122	\$ 913,309
% Net Sales	28.8%	28.9%	28.8%	28.8%
Occupancy-related Legal Matter (a)	-	-	-	-
Restructuring Charge (b)	(16,185)	-	(16,185)	-
Adjusted General, Administrative and Store Operating Expenses	<u>\$ 421,553</u>	<u>\$ 466,855</u>	<u>\$ 848,937</u>	<u>\$ 913,309</u>
% Net Sales	27.7%	28.9%	28.3%	28.8%
<u>Reconciliation of Reported to Adjusted Operating Income</u>				
Reported Operating Income - GAAP	\$ 97,512	\$ 202,731	\$ 191,635	\$ 428,417
% Net Sales	6.4%	12.6%	6.4%	13.5%
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	29,348	-	29,348	-
Adjusted Operating Income	<u>\$ 126,860</u>	<u>\$ 202,731</u>	<u>\$ 242,662</u>	<u>\$ 428,417</u>
% Net Sales	8.3%	12.6%	8.1%	13.5%
<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	\$ 69,926	\$ 151,084	\$ 150,749	\$ 325,115
Occupancy-related Legal Matter (a)	-	-	21,679	-
Restructuring Charge (b)	29,348	-	29,348	-
Tax Effect of Adjusted Items	(7,278)	-	(12,755)	-
Adjusted Net Income Attributable to Victoria's Secret & Co.	<u>\$ 91,996</u>	<u>\$ 151,084</u>	<u>\$ 189,021</u>	<u>\$ 325,115</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	\$ 0.83	\$ 1.71	\$ 1.76	\$ 3.68
Occupancy-related Legal Matter (a)	-	-	0.19	-
Restructuring Charge (b)	0.26	-	0.26	-
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	<u>\$ 1.09</u>	<u>\$ 1.71</u>	<u>\$ 2.21</u>	<u>\$ 3.68</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.