

# Second Quarter Earnings

August 30, 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. 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 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 17, 2023.

# Adjusted<sup>1</sup> Consolidated Statements of Income

Thirteen Weeks Ended July 29, 2023 & July 30, 2022 (Unaudited – In millions except per share amounts)

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$1,426.9	\$1,521.2	(\$94.3)	-6%
<i>Comparable Store Sales</i>	-14%	-7%		
<i>Comparable Sales</i>	-11%	-8%		
Gross Profit	493.2	548.4	(55.2)	-10%
<i>% of Sales</i>	34.6%	36.1%	(150 bps)	
General, Administrative and Store Operating Expenses	444.5	421.5	23.0	5%
<i>% of Sales</i>	31.2%	27.7%	350 bps	
Operating Income	48.7	126.9	(78.2)	-62%
<i>% of Sales</i>	3.4%	8.3%	(490 bps)	
Interest Expense and Other Loss	23.0	14.3	8.7	61%
Income Before Income Taxes	25.7	112.6	(86.9)	-77%
Provision for Income Taxes	6.3	23.3	(17.0)	-73%
<i>% of Pre-Tax Income</i>	24.5%	20.7%		
Net Income	19.4	89.3	(69.9)	-78%
<i>% of Sales</i>	1.4%	5.9%	(450 bps)	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	0.5	(2.7)	3.2	119%
Net Income Attributable to Victoria's Secret & Co.	\$18.9	\$92.0	(\$73.1)	-79%
<i>% of Sales</i>	1.3%	6.0%	(470 bps)	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$0.24	\$1.09	(\$0.85)	-78%
Weighted Average Shares Outstanding	77.8	84.3		



<sup>1</sup> 2023 and 2022 results are on an adjusted basis.

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

# Adjusted<sup>1</sup> Consolidated Statements of Income

Twenty-Six Weeks Ended July 29, 2023 & July 30, 2022 (Unaudited – In millions except per share amounts)

	2023	2022	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$2,834.3	\$3,005.0	(\$170.7)	-6%
<i>Comparable Store Sales</i>	<i>-14%</i>	<i>-5%</i>		
<i>Comparable Sales</i>	<i>-11%</i>	<i>-8%</i>		
Gross Profit	1,007.5	1,091.6	(84.1)	-8%
<i>% of Sales</i>	<i>35.5%</i>	<i>36.3%</i>	<i>(80 bps)</i>	
General, Administrative and Store Operating Expenses	903.8	848.9	54.9	6%
<i>% of Sales</i>	<i>31.9%</i>	<i>28.3%</i>	<i>360 bps</i>	
Operating Income	103.7	242.7	(139.0)	-57%
<i>% of Sales</i>	<i>3.7%</i>	<i>8.1%</i>	<i>(440 bps)</i>	
Interest Expense and Other Loss	44.4	30.5	13.9	46%
Income Before Income Taxes	59.3	212.2	(152.9)	-72%
Provision for Income Taxes	14.9	30.6	(15.7)	-51%
<i>% of Pre-Tax Income</i>	<i>25.1%</i>	<i>14.4%</i>		
Net Income	44.4	181.6	(137.2)	-76%
<i>% of Sales</i>	<i>1.6%</i>	<i>6.0%</i>	<i>(440 bps)</i>	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	3.6	(7.4)	11.0	149%
Net Income Attributable to Victoria's Secret & Co.	\$40.8	\$189.0	(\$148.2)	-78%
<i>% of Sales</i>	<i>1.4%</i>	<i>6.3%</i>	<i>(490 bps)</i>	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$0.52	\$2.21	(\$1.69)	-76%
Weighted Average Shares Outstanding	78.7	85.7		

<sup>1</sup> 2023 and 2022 results are on an adjusted basis.

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)

	July 29, 2023	July 30, 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$130,507	\$200,960
Accounts Receivable, Net	140,006	149,325
Inventories	1,040,420	1,085,791
Other	166,613	115,446
<b>Total Current Assets</b>	<b>1,477,546</b>	<b>1,551,522</b>
Property and Equipment, Net	855,137	864,266
Operating Lease Assets	1,314,480	1,297,590
Goodwill	364,622	-
Trade Names	286,580	246,300
Other Intangible Assets	126,551	-
Deferred Income Taxes	15,757	20,613
Other Assets	83,906	91,935
<b>TOTAL ASSETS</b>	<b>\$4,524,579</b>	<b>\$4,072,226</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$528,934	\$490,485
Accrued Expenses and Other	578,182	622,635
Current Debt	4,067	4,000
Current Operating Lease Liabilities	293,185	321,409
Income Taxes	2,673	6,353
<b>Total Current Liabilities</b>	<b>1,407,041</b>	<b>1,444,882</b>
Deferred Income Taxes	61,147	60,115
Long-Term Debt	1,270,445	977,076
Long-Term Operating Lease Liabilities	1,284,625	1,268,543
Other Long-Term Liabilities	201,764	52,700
Victoria's Secret & Co. Shareholders' Equity	279,418	247,117
Noncontrolling Interest	20,139	21,793
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$4,524,579</b>	<b>\$4,072,226</b>



# 2023 Outlook

(As of August 30, 2023)

	Third Quarter	Full Year
<b>Net Sales</b>	Decrease low- to mid-single digits compared to \$1.318 billion in 2022	Decrease low-single digits compared to \$6.344 billion in 2022, compared to current analyst consensus estimate <sup>1</sup> which reflects a decrease of approximately 2%
<b>Adjusted Gross Margin Rate</b>	Approximately 33.5% to 34.5%, down slightly from 2022 rate of 34.7%	-
<b>Adjusted SG&amp;A Expense Rate</b>	Approximately 38% to 39%, deleveraged from 2022 rate of 31.5%	-
<b>Adjusted Operating Income (Loss)</b>	Between (\$45) million and (\$75) million	-
<b>Adjusted Operating Income (Loss) Rate</b>	-	Approximately 5% to 6%, compared to current analyst consensus estimate <sup>1</sup> which reflects approximately 5.5%
<b>Adjusted Net Non-Operating Expense</b>	Approximately \$26 million	Approximately \$95 million
<b>Adjusted Tax Rate (before discrete items)</b>	Approximately 24% to 25%	Approximately 24% to 25%
<b>Weighted Average Diluted Shares Outstanding</b>	Approximately 78 million	Approximately 78 million
<b>Adjusted Net Income (Loss) Per Diluted Share Attributable to VS&amp;Co</b>	Between (\$0.70) and (\$1.00)	-
<b>Capital Expenditures</b>	-	Approximately \$255 million
<b>Free Cash Flow <sup>2</sup></b>	-	Approximately \$150 million to \$200 million

<sup>1</sup> The analyst consensus estimate represents the average of third-party analyst estimates and is current as of August 30, 2023. We have not independently verified, make no representation as to the reliability or accuracy of, and disclaim any potential liability associated with such data. Analyst estimates of sales and operating margin may be calculated differently from how we calculate such measures and may include or exclude certain material adjustments that may be required by generally accepted accounting principles.

<sup>2</sup> 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)	
<b>Company-Operated</b>							
<b>U.S.</b>							
Store Count	812	15 to 20	(13 to 18)	48	809 to 819	(3) to 7	0% to 1%
Selling Sq Ft 000's	5,617	63 to 85	(46 to 79)	(56)	5,545 to 5,600	(72 to 17)	(1%) to 0%
<b>Canada</b>							
Store Count	25	-	(2)	2	23	(2)	(8%)
Selling Sq Ft 000's	246	-	(28)	(6)	212	(34)	(14%)
<b>Subtotal Company-Operated</b>							
Store Count	837	15 to 20	(15 to 20)	50	832 to 842	(5) to 5	(1%) to 1%
Selling Sq Ft 000's	5,863	63 to 85	(74 to 107)	(62)	5,757 to 5,812	(106 to 51)	(2%) to 1%
<b>China Joint Venture</b>							
Beauty & Accessories Store Count	39	2	(4 to 5)	-	36 to 37	(3 to 2)	(8% to 5%)
Full Assortment Store Count	33	1 to 3	(1 to 2)	-	32 to 35	(1) to 2	(3%) to 6%
<b>Subtotal China Joint Venture Store Count</b>	<b>72</b>	<b>3 to 5</b>	<b>(5 to 7)</b>	<b>-</b>	<b>68 to 72</b>	<b>(4) to 0</b>	<b>(6%) to 0%</b>
<b>Partner-Operated</b>							
Beauty & Accessories Store Count	308	26 to 30	(24 to 28)	-	306 to 314	(2) to 6	(1%) to 2%
Full Assortment Store Count	135	36 to 40	(11 to 15)	-	156 to 164	21 to 29	16% to 21%
<b>Subtotal Partner-Operated Store Count</b>	<b>443</b>	<b>62 to 70</b>	<b>(35 to 43)</b>	<b>-</b>	<b>462 to 478</b>	<b>19 to 35</b>	<b>4% to 8%</b>
<b>Adore Me</b>							
Store Count	6	-	-	-	6	-	-
Selling Sq Ft 000's	23	-	-	-	23	-	-
<b>Total Store Count</b>	<b>1,358</b>	<b>80 to 95</b>	<b>(55 to 70)</b>	<b>-</b>	<b>1,368 to 1,398</b>	<b>10 to 40</b>	<b>1% to 3%</b>



# APPENDIX



# Consolidated Statements of Income

Thirteen Weeks Ended July 29, 2023 & July 30, 2022 (Unaudited – In thousands except per share amounts)

	2023	2022
Net Sales	\$1,426,871	\$1,521,208
Costs of Goods Sold, Buying and Occupancy	(940,297)	(985,957)
Gross Profit	486,574	535,251
General, Administrative and Store Operating Expenses	(460,528)	(437,739)
Operating Income	26,046	97,512
Interest Expense	(23,967)	(12,968)
Other Loss	(106)	(1,328)
Income Before Income Taxes	1,973	83,216
Provision for Income Taxes	2,845	16,005
Net Income (Loss)	(872)	67,211
Less: Net Income (Loss) Attributable to Noncontrolling Interest	556	(2,715)
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$1,428)	\$69,926
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.02)	\$0.83
Weighted Average Shares Outstanding <sup>1</sup>	77,310	84,292

<sup>1</sup> - Reported Weighted Average Shares Outstanding in the second quarter of 2023 reflects basic shares due to the Net Loss.

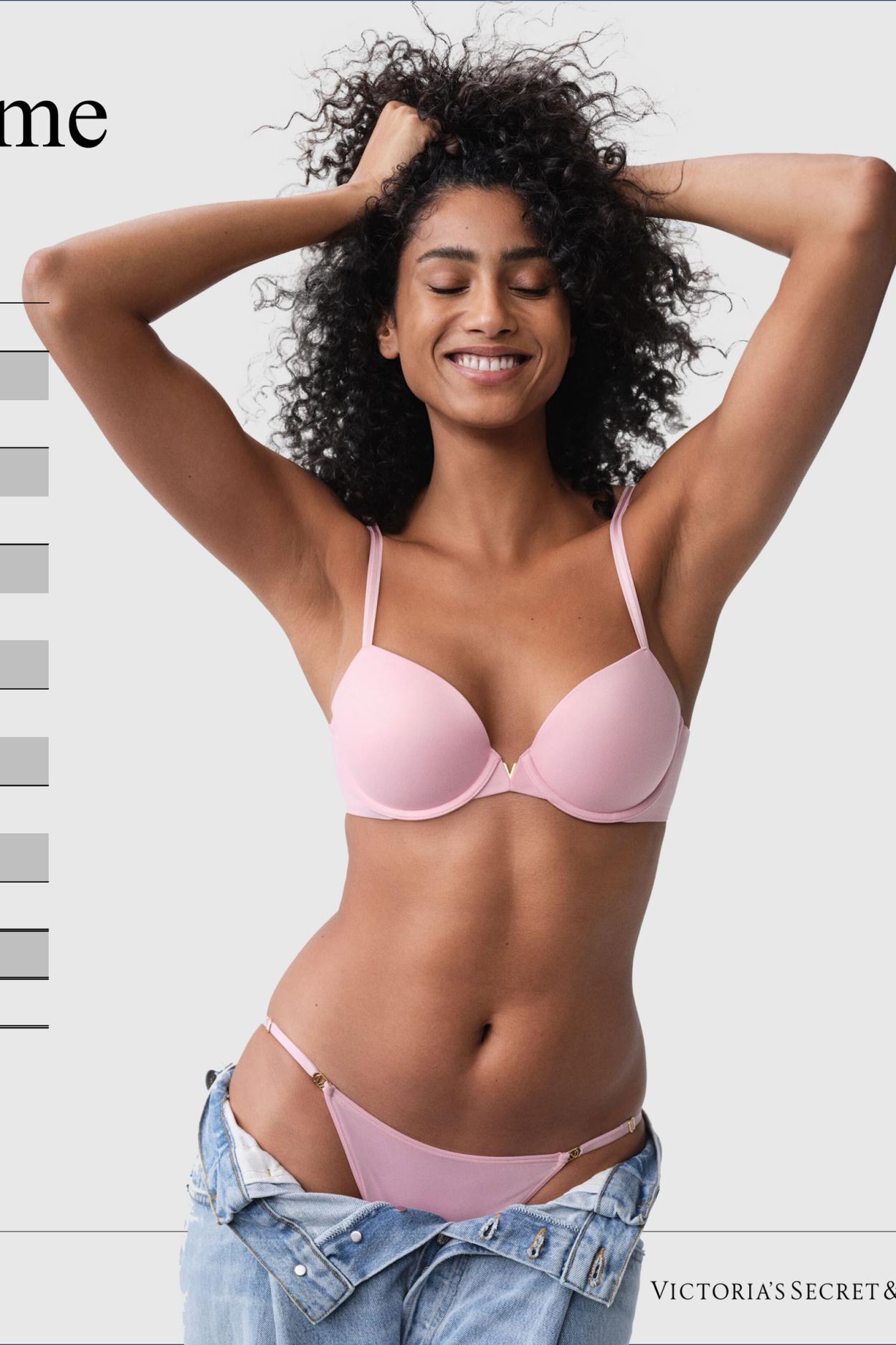


# Consolidated Statements of Income

Twenty-Six Weeks Ended July 29, 2023 & July 30, 2022  
(Unaudited – In thousands except per share amounts)

	2023	2022
Net Sales	\$2,834,251	\$3,005,014
Costs of Goods Sold, Buying and Occupancy	(1,845,283)	(1,948,257)
Gross Profit	988,968	1,056,757
General, Administrative and Store Operating Expenses	(934,648)	(865,122)
Operating Income	54,320	191,635
Interest Expense	(46,472)	(25,382)
Other Loss	(104)	(5,037)
Income Before Income Taxes	7,744	161,216
Provision for Income Taxes	4,804	17,861
Net Income	2,940	143,355
Less: Net Income (Loss) Attributable to Noncontrolling Interest	3,643	(7,394)
Net Income (Loss) Attributable to Victoria's Secret & Co.	(\$703)	\$150,749
Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	(\$0.01)	\$1.76
Weighted Average Shares Outstanding <sup>1</sup>	77,756	85,674

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



# Selected Data

Thirteen Weeks Ended July 29, 2023 & July 30, 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	-	67,052
Fourth Quarter	-	38,636
Year	\$143,956	\$163,927

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

<sup>1</sup> Year-to-date 2023 includes \$12.6 million of intangible asset amortization expense related to the acquisition of Adore Me.



# Non-GAAP Financial Information

(Unaudited – In thousands except per share amounts)

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

	Second Quarter		Year-to-Date	
	2023	2022	2023	2022
<b>Reconciliation of Reported to Adjusted Gross Profit</b>				
Reported Gross Profit - GAAP	\$486,574	\$535,251	\$988,968	\$1,056,757
% Net Sales	34.1%	35.2%	34.9%	35.2%
Adore Me Acquisition-related Items (a)	6,674	-	15,261	-
Restructuring Charges (c)	-	13,163	3,276	13,163
Occupancy-related Legal Matter (d)	-	-	-	21,679
Adjusted Gross Profit	\$493,248	\$548,414	\$1,007,505	\$1,091,599
% Net Sales	34.6%	36.1%	35.5%	36.3%
<b>Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses</b>				
Reported General, Administrative and Store Operating Expenses - GAAP	\$460,528	\$437,739	\$934,648	\$865,122
% Net Sales	32.3%	28.8%	33.0%	28.8%
Adore Me Acquisition-related Items (a)	(9,692)	-	(10,426)	-
Amortization of Intangible Assets (b)	(6,284)	-	(12,568)	-
Restructuring Charges (c)	-	(16,185)	(7,849)	(16,185)
Adjusted General, Administrative and Store Operating Expenses	\$444,552	\$421,553	\$903,805	\$848,937
% Net Sales	31.2%	27.7%	31.9%	28.3%
<b>Reconciliation of Reported to Adjusted Operating Income</b>				
Reported Operating Income - GAAP	\$26,046	\$97,512	\$54,320	\$191,635
% Net Sales	1.8%	6.4%	1.9%	6.4%
Adore Me Acquisition-related Items (a)	16,366	-	25,687	-
Amortization of Intangible Assets (b)	6,284	-	12,568	-
Restructuring Charges (c)	-	29,348	11,125	29,348
Occupancy-related Legal Matter (d)	-	-	-	21,679
Adjusted Operating Income	\$48,696	\$126,860	\$103,700	\$242,662
% Net Sales	3.4%	8.3%	3.7%	8.1%
<b>Reconciliation of Reported to Adjusted Net Income (Loss) Attributable to Victoria's Secret &amp; Co.</b>				
Reported Net Income (Loss) Attributable to Victoria's Secret & Co. - GAAP	(\$1,428)	\$69,926	(\$703)	\$150,749
Adore Me Acquisition-related Items (a)	17,461	-	27,877	-
Amortization of Intangible Assets (b)	6,284	-	12,568	-
Restructuring Charges (c)	-	29,348	11,125	29,348
Occupancy-related Legal Matter (d)	-	-	-	21,679
Tax Effect of Adjusted Items	(3,465)	(7,278)	(10,105)	(12,755)
Adjusted Net Income Attributable to Victoria's Secret & Co.	\$18,852	\$91,996	\$40,762	\$189,021
<b>Reconciliation of Reported to Adjusted Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret &amp; Co.</b>				
Reported Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	(\$0.02)	\$0.83	(\$0.01)	\$1.76
Adore Me Acquisition-related Items (a)	0.20	-	0.30	-
Amortization of Intangible Assets (b)	0.06	-	0.12	-
Restructuring Charges (c)	-	0.26	0.11	0.26
Occupancy-related Legal Matter (d)	-	-	-	0.19
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$0.24	\$1.09	\$0.52	\$2.21

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



# Non-GAAP Financial Information

## (Unaudited)

Adjusted results exclude the following items:

- (a) In the second quarter of 2023, we recognized a \$17.5 million charge (\$15.6 million net of tax of \$1.9 million), \$9.7 million included in general, administrative and store operating expense, \$6.7 million included in costs of goods sold and \$1.1 million included in interest expense, related to the financial impact of purchase accounting items related to the acquisition of Adore Me. Year-to-date 2023, we recognized charges of \$27.9 million (\$23.8 million net of tax of \$4.1 million), \$15.3 million included in costs of goods sold, \$10.4 million included in general, administrative and store operating expense and \$2.2 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 second 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 \$12.6 million of amortization expense (\$9.3 million net of tax of \$3.3 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 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 (loss) and adjusted net income (loss) per diluted share for the full year and third 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 (loss) or adjusted net income (loss) 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.

