

REFINITIV

DELTA REPORT

10-K

VSCO - VICTORIAS SECRET & CO.

10-K - FEBRUARY 03, 2024 COMPARED TO 10-K - JANUARY 28, 2023

The following comparison report has been automatically generated

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█ **CHANGES** 368

█ **DELETIONS** 1762

█ **ADDITIONS** 1207

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **January 28, 2023** **February 3, 2024**
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-40515

VICTORIA'S SECRET & CO.

(Exact name of registrant as specified in its charter)

Delaware

86-3167653

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer Identification No.)

4 Limited Parkway East,
Reynoldsburg, Ohio
(Address of principal executive offices)

43068

(Zip Code)

Registrant's telephone number, including area code (614) 577-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	VSCO	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was **\$3,013,232,812**, **\$1,550,095,138**.

Number of shares outstanding of the registrant's common stock as of **March 10, 2023** **March 15, 2024**: **77,746,058**, **77,575,912**.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's **2023** **2024** Annual Meeting of Stockholders are incorporated by reference into Part III.

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PART I**ITEM 1. BUSINESS.****General**

Victoria's Secret & Co. (together with its subsidiaries unless the context otherwise requires, "we", "us", "our" or the "Company") is a specialty retailer of women's intimate and other apparel and beauty products marketed under the Victoria's Secret, Victoria's Secret PINK ("PINK") and Adore Me brand names. We have more than approximately 910 stores in the United States ("U.S."), Canada and China, as well as our own websites, www.VictoriasSecret.com, www.PINK.com and www.AdoreMe.com, and other online digital channels worldwide. Additionally, we have approximately 450 more than 460 stores in approximately nearly 70 countries operating under franchise, license and wholesale arrangements. The Company also includes the merchandise sourcing and production function serving us and our international partners. We operate as a single segment designed to seamlessly serve customers worldwide through stores and online channels.

On November 1, 2022 December 30, 2022, we announced that we had signed a definitive agreement (the "Merger Agreement") to acquire 100% completed our acquisition of AdoreMe, Inc. ("Adore Me"), a digitally-native intimates brand. On December 30, 2022, the acquisition was completed pursuant to the terms and conditions of the Merger Agreement. For additional information, see Note 2 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Our Brands

Our business operates two category-defining market leading intimates and beauty brands, Victoria's Secret and PINK, that share a common purpose of inspiring and uplifting our customers supporting women in every stage of their lives, all they do, and Adore Me, a technology-led, digital-first innovative intimates brand serving women of all sizes and budgets at all phases of life. We offer a range of products across intimate apparel, including signature bras, panties, lingerie, casual sleepwear, loungewear, swimwear, athleisure and beauty, swim, as well as prestige fragrances and body care.

Victoria's Secret

Victoria's Secret is a leading lingerie brand, with an established history of over 45 years. The Victoria's Secret brand celebrates female confidence and inspires women with beautiful products and experiences. Victoria's Secret offers a wide assortment of modern, fashion-inspired collections including signature bras, panties, lingerie, casual sleepwear, loungewear, sport athleisure and swim, products as well as prestige fragrances and body care across its global retail locations and its online e-commerce channel. Bras Victoria's Secret strives to provide the best products to help women express their confidence, sexiness and panties represent power, and uses its platform to celebrate the two largest categories for Victoria's Secret. We believe our assortment is differentiated by our focus on fit, comfort and quality, extraordinary diversity of women's experiences.

PINK

PINK is a fashion and lifestyle brand that is focused for young women providing on celebrating and supporting diversity, equity, inclusion, self-confidence and individuality. The brand focuses on a collegiate-oriented customer. Our trend products are designed to make customers feel good both inside and out, and include including bras, panties, active wear, loungewear, knit tops, activewear, accessories and swimwear, with bras beauty. PINK uses its platform to create connection and apparel representing the two largest categories. community. PINK is sold across North America and internationally at Victoria's Secret and PINK retail stores and online.

Victoria's Secret Beauty

Victoria's Secret Beauty expands our offering and enhances our emotional connection to our customers. To complement the core Victoria's Secret offering, the Company launched its first fragrance line in 1991. Today, the Victoria's Secret Beauty business has grown to be one of the leading fragrance brands in America. Beauty products include fine fragrance, mists, PINK Beauty products and accessories. Products are sold at Victoria's Secret specialty retail stores and online.

Adore Me

Adore Me is a direct-to-consumer lingerie and apparel brand that is focused on serving women of all sizes and budgets at all phases of life. Founded in 2011 as an online lingerie startup, Adore Me is transforming the way customers shop with a pioneering home try-on commerce service, a series of innovation-driven products and a mission of making sustainable shopping accessible to all. Adore Me is sold online and in Adore Me's six retail stores.

Victoria's Secret & Co. Spin-Off

On July 9, 2021, L Brands, Inc. ("L Brands" or the "Former Parent") announced that its Board of Directors approved the previously announced separation of the Victoria's Secret business, including PINK, into an independent, publicly traded company (the "Separation"). Prior to the Separation, L Brands operated the Bath & Body Works, Victoria's Secret and PINK retail brands.

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On August 2, 2021 (the "Distribution Date"), after the New York Stock Exchange ("NYSE") market closing, the Separation of the Victoria's Secret business was completed. On August 3, 2021, Victoria's Secret & Co. became an independent, publicly-traded publicly traded company trading on the NYSE under the stock symbol "VSCO."

The Separation was achieved through the Former Parent's distribution (the "Distribution") of 100% of the shares of our common stock to holders of the Former Parent's common stock as of the close of business on the record date of July 22, 2021. The Former Parent's stockholders of record received one share of our common stock for every three shares of the Former Parent's common stock. In connection with the Separation, we made a cash payment of approximately \$976 million to the Former Parent on August 2, 2021 from the issuances of certain debt (discussed in Note 13 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data). The Former Parent retained no ownership interest in us following the Separation.

We entered into several agreements with the Former Parent that, among other things, effect the Separation and govern the relationship of the parties following the Separation, including a Separation and Distribution Agreement, a Tax Matters Agreement, an L Brands to VS Transition Services Agreement, a VS to L Brands Transition Services Agreement, an Employee Matters Agreement and a Domestic Transportation Services Agreement. For additional information, see Note 3 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Joint Venture Partnerships Partnership

Victoria's Secret China

In April 2022, we announced the completion of the entered into a joint venture agreement with Regina Miracle International (Holdings) Limited ("Regina Miracle"), a company listed on the Hong Kong Stock Exchange, related to our existing Company-owned business in China. We formed a joint venture with Regina Miracle to operate Victoria's Secret stores and the related online business in China. Under the terms of the agreement, we own 51% of the joint venture and Regina Miracle owns the remaining 49%. Since we have retained control over the joint venture, the joint venture's assets, liabilities and results of operations continue to be consolidated in our consolidated financial statements. For additional information, see Note 6 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Victoria's Secret U.K.

Due to challenging business results for our business in the United Kingdom ("U.K."), we entered into administration in June 2020 to restructure store lease agreements and reduce operating losses in the U.K. business. In October 2020, we entered into a joint venture with Next PLC ("Next") for the business in the U.K. and Ireland. Under this agreement, we own 49% of the joint venture, and Next owns 51% and is responsible for operations. We account for our investment in the joint venture under the equity method of accounting. For additional information, see Note 6 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Impacts of Macroeconomic Environment

Our operations and financial performance have been adversely impacted by deterioration in economic conditions in the United States and globally, which were caused in part by the coronavirus pandemic ("COVID-19"). The current macroeconomic environment is characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets and growing recession risk. Such macroeconomic conditions have and could continue to adversely affect our business, for example, by reducing consumer demand for our products and leading to decreased sales.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2022," "2023" refers to the fifty-three-week period ended February 3, 2024 and "2022" and "2021" and "2020" refer to the 52-week fifty-two-week periods ended January 28, 2023, and January 29, 2022 and January 30, 2021, respectively.

Historically, Adore Me's fiscal year ended on December 31. As a result of our acquisition of Adore Me on December 30, 2022, Adore Me's financial information is included in our consolidated financial statements. Due to the timing and availability of financial information of Adore Me, we consolidate Adore Me's financial information on an approximate one-month reporting lag.

Real Estate

Company-operated, China Joint Venture and Adore Me Retail Stores

Our company-operated Victoria's Secret and PINK, China joint venture and Adore Me retail stores are located in shopping malls, lifestyle centers and off-mall locations in the U.S., Canada and China. As a result of our strong brands and established retail presence, we have been able to lease high-traffic locations in most retail centers in which we operate.

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The following table provides the number of our company-operated Victoria's Secret and PINK, China joint venture and Adore Me retail stores in operation as of **January 28, 2023** February 3, 2024 and **January 29, 2022** January 28, 2023:

		January 28, 2023	January 29, 2022		
		February 3, 2024		February 3, 2024	January 28, 2023
<u>Company:</u>	<u>Company:</u>				
<u>Operated:</u>	<u>Operated:</u>				
U.S.	U.S.	812	808		
U.S.					
U.S.					
Canada	Canada	25	26		
Subtotal Company-Operated		837	834		
		831			
<u>China:</u>	<u>China:</u>				
<u>Joint:</u>	<u>Joint:</u>				
<u>Venture:</u>	<u>Venture:</u>				
<u>China Joint Venture:</u>					
<u>China Joint Venture:</u>					
Beauty & Accessories					
(a)					
Beauty & Accessories					
(a)					
Beauty & Accessories	Beauty & Accessories				
(a)	(a)	39	35		

Full Assortment	Full Assortment	33	30
Subtotal China Joint Venture		72	65
		70	
Adore Me	Adore Me	6	—
Adore Me			
Adore Me			
Total	Total	915	899

(a) Includes thirteen partner-operated stores at January 28, 2023, stores.

The following table provides the changes in the number of our company-operated Victoria's Secret and PINK, China joint venture and Adore Me retail stores operated for the past three fiscal years:

		Reclassified to Joint Venture			
Beginning of Year		Acquired (a)	Venture		
2023	(c)	Opened	Closed	(b)	End of Year
Beginning of Year					
2022	2022	899	26	(24)	915
(c)	(c)				
2021	2021	933	7	(41)	899
(c)	(c)				
2020	2020	1,181	26	(248)	933
		Opened	Closed	Acquired (a)	Reclassified to Joint Venture (b)
					End of Year

(a) Relates to acquisition of Adore Me. For additional information, see Note 2 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.
 (b) In 2022, this relates to the China joint venture with Regina Miracle. In 2021, this relates to the U.K. joint venture with Next. For additional information, see Note 6 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.
 (c) Includes thirteen partner-operated China joint venture stores at January 28, 2023, stores.

Franchise, License and Wholesale Arrangements

In addition to our company-operated stores, our products are sold at hundreds of partner locations and on partner websites in approximately nearly 70 countries. We are focused on ensuring our partners have the commitment and capability to provide a quality customer experience and to grow our brands internationally.

Under the terms of our franchise, license and wholesale arrangements, we provide our partners the rights to sell our products in various geographic regions along with operational policies and standards governing such matters as the supply and sale of our products, in stores and online, marketing and store training. Our partners are generally responsible for providing the capital necessary to lease retail space, build-out build out stores and/or develop websites, fund the operations of the business, and over the longer-term, longer term, reinvest in the business. Our partners are also responsible for the day-to-day operations of the business, and must do so in accordance with our policies and standards, which are focused on ensuring a consistent customer experience around the world. Such arrangements can typically be terminated, upon delivery of notice, in the event of any breach of representations or warranties.

Our franchise and license arrangements with our partners typically have an initial term of five to ten years, with an option to renew, subject to customary conditions. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers, typically based on a percentage of sales. Royalty rates, which are generally range from low double digits to mid-teens, low-teens, vary based on store format, local business conditions and various other factors.

Our wholesale arrangements with our partners typically have an initial term of five years, with an option to renew, subject to customary conditions. Wholesale prices, which vary by product category, are generally based on a discount to the suggested retail price. Revenue is generally recognized under wholesale arrangements at the time the title passes to the partner.

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The following table provides the number of our international stores operated by our partners by store type as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

	January 28, 2023	January 29, 2022	February 3, 2024	February 3, 2024	January 28, 2023
Beauty and Accessories	Beauty and Accessories				
(a)	(a)	308	335		
Full Assortment	Full Assortment	135	128		
Total	Total	443	463		

(a) Does not include the thirteen partner-operated China joint venture stores at January 28, 2023, stores.

Our Competitive Strengths

We believe the following competitive strengths contribute to our leading market position, differentiate us from our competitors and will drive future growth:

Two Category-Defining Market Leading Brands with Global Brand Awareness and Resonance

Our Victoria's Secret and PINK brands have a strong global presence and awareness among consumers, which we believe provides us with a competitive advantage. We also have Adore Me, a technology-led, digital first innovative intimates brand which we believe is focused on transforming the way customers shop with a pioneering home try-on commerce service and a series of innovation-driven products. While our history runs deep as a dominant player in intimates, our brands also provide compelling offerings in fragrance, beauty, apparel, loungewear, sleepwear, athletic attire and swimwear. We believe our actions to evolve our positioning and promote inclusivity and diversity will allow us to attract new customers while also deepening our connection with existing ones. Through social, cultural and business relationships, The VS Collective, a diverse group of women ambassadors, works to create new associate programs, revolutionary product collections, compelling and inspiring content, and rally support for causes vital to women. The Victoria's Secret Global Fund for Women's Cancers funds innovative research projects aimed at progressing treatments and cures for women's cancers and investing in the next generation of women scientists who represent the diverse population populations they serve. We are focused on fueling guided by our customer's desire to be herself by empowering her with products that not only offer her comfort and style, but also allow her vision to celebrate and support women in all we do and provide the best products to help women express her true self, their confidence, sexiness and power.

Global Scale at Retail

We believe we have significant scale and strength in reaching our consumer base, base in the United States and around the world. We interact with our customers through three powerful distribution channels:

- **Digital.** Our digital business allows for an interconnected customer experience across our brands and platforms. We seek to deliver a differentiated digital experience through seamless and personalized touchpoints. Importantly, we are focused on developing our social media platforms and websites, applications with personalized digital marketing campaigns, advanced omni-channel offerings and improved store and website inventory connectivity.
- **North American Stores.** Our retail footprint in North America spans the U.S. and Canada with 843 837 stores, representing a combined 5.9 million 5.8 million square feet of selling space as of the end of 2022. 2023. Our North American stores channel creates an immersive environment for customers to experience our brands and try new products. Our sales associates and store managers are central in creating an engaging and compelling store experience by providing a high level of customer service.
- **International.** We have a significant international footprint with 515 533 international stores and 4550 international digital sites as of the end of 2022. 2023. We believe we have meaningful opportunity to grow our international business through new beauty and accessories and full assortment stores, new digital sites and new geographies. Our beauty and accessories stores represent smaller footprint stores including stores in airports and other travel retail locations, which enable significant global exposure. Our international stores span the Americas, Europe, Asia, Africa and the Middle East, in addition to the strong digital component of our international business.

Agile and Highly Responsive Supply Chain and Sourcing Capabilities

Our sourcing and production function has a long and deep presence in key sourcing markets including those in the U.S. and Asia. Our intimates and apparel categories are supported by an internationally outsourced platform, primarily in Asia, which has consistently provided rapid speed to market, high quality and innovative products and an efficient cost base. Meanwhile, our beauty platform is largely centered in Ohio, where a number of our suppliers are located, boasting innovation and agile manufacturing. We have thoughtfully designed our supply chain around three key principles: speed-to-market, speed to market, quality and cost efficiency.

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When possible we We leverage the speed that we have in our supply chain, our close partnerships with suppliers and the capabilities of our sourcing, production and logistics teams to actively manage our inventory and adjust for channel shifts across our business. We focus on speed to market, and believe our lead times are amongst the shortest in the industry, allowing us to read and react to customer preferences. The agility within our supply chain provides us with flexibility to quickly re-order strong sellers selling products as we seek to maximize our sales and merchandise margin rate opportunities.

Our strong relationships with our suppliers have allowed us to manufacture our products with cost efficiency without sacrificing quality. Our global supply base and flexibility are key competitive advantages and allow us to provide a broad product range, innovation and assortment to our customers.

We remain focused on maximizing our **strong** relationships with our supplier partners and our sourcing and logistics capabilities to help mitigate **any** supply chain challenges, **and** cost pressures on our **business** business and to continuously enhance our speed to market capabilities.

Highly-Talented Management Team with Deep Industry Experience

Our senior management team has a wealth of retail and business experience and a deep knowledge of our business. The management team is supported by well qualified leaders and is highly collaborative across our brands and **our** channels.

Distribution Channels

Our distribution channels include digital, North American stores and international stores. We utilize these channels to reach our consumers in the **physical** **digital** and **digital** **physical** locations they frequent within their geographies.

Digital

The digital channel accounted for **\$1.843** **\$2.015** billion, or **29%** **33%**, of our **revenues** **revenue** in **2022**. **The** **2023**. **This** channel includes sales that are derived from our websites and mobile applications.

Our digital presence, including social media, our websites and our mobile applications, allows us to get to know our customers better and communicate with them anytime and anywhere. Our digital customers engage in more transactions relative to non-digital customers. Within digital, we have taken a mobile-first approach to help drive sales.

We have taken steps to modernize **the** **our** digital platform, including the use of artificial intelligence-driven chatbots and geo-targeted digital marketing. Our digital platform is designed to further support our physical presence and contribute to the growth of omni-channel sales.

North American Stores

The North American stores channel represents the stores in our North American physical retail locations and accounted for **\$3.903** **\$3.480** billion, or **62%** **56%**, of our **revenues** **revenue** in **2022**. **2023**. We **operate** **843** **operated** **837** physical locations as of the end of **2022**, **2023**, including a range of full assortment stores, Victoria's Secret Lingerie stores, free-standing PINK stores and free-standing Adore Me stores.

We are investing in our physical stores by refreshing existing stores and utilizing a store of the future concept that includes smaller, more flexible space in off-mall locations with a unique dual-brand layout to meet the needs of our customer and accommodate shifting consumer preferences for omni-channel shopping. We continue to right-size our stores to optimize our physical retail footprint and enable omni-channel sales. Additionally, we are investing in our people through field talent and leadership development to optimize the customer experience.

International

The international channel represents our stores and websites in China as well as royalty and wholesale sales related to the stores and websites operated by our franchise, license, wholesale and joint venture partners. International net sales accounted for **\$592** **\$687** million, or **9%** **11%**, of our **revenues** **revenue** in **2022**, **2023**. As of the end of **2022**, **2023**, we have **72** **70** joint venture-operated stores in China as well as **443** **463** partner-operated stores around the world, including locations across **Asia**, **Europe**, **the Americas**, **Europe**, **Asia**, **Africa** and **the Middle East**, **East and Africa**.

Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon **the** **sale** of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale and sourcing arrangements at the time the title passes to the partner. We **intend to** continue to increase the number of locations under these types of arrangements as part of our international expansion.

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Additional Information

Merchandise Vendors

During **2022**, **2023**, we purchased merchandise from approximately **210** **325** vendors located throughout the world, the largest of which accounted for approximately **14%** **11%** of our purchases. We believe there are numerous alternative suppliers for our merchandise and that the loss of any one vendor would not have a material adverse effect on our business.

Design, Product Development and Sourcing

Our product design and innovation is an important component of our strategy. We **achieve success through** **prioritize** frequent and fashionable product launches across product categories with a focus on fit, fabric, finish, and superior quality. Our merchant, design and sourcing teams have a long history of designing innovative products to meet our customers' needs. We believe our focus on product development differentiates our offering through superior fit, broad ranges of sizes, and comfortable and appealing silhouettes. Additionally, we believe that our sourcing and production functions, which have a long and deep presence in key sourcing markets including those in the U.S. and Asia, allow us to partner with premier manufacturers to manufacture high-quality products quickly.

Our product development team works with four key design periods for the year: Spring, Summer, Fall and Holiday, that represent our selling seasons. Certain product lines offer more frequent introductions of new merchandise, and the primary selling seasons, Fall and Holiday, **will** often **will see** **showcase** greater quantities of introductions **for** **of** new merchandise. We strive to tailor our buying strategies to align with customer demand and trends across our core categories with agile and fast lead times.

Our global supply chain organization is responsible for the operational planning, manufacturing, sourcing, and distribution of products to our customers. We believe we have developed a high degree of expertise in managing the complexities associated with a global supply chain.

Distribution and Merchandise

A substantial portion of our merchandise is shipped to our distribution centers in the Columbus, Ohio area. Additionally, we use third-party operated distribution centers located throughout North America to distribute our merchandise. We use a variety of shipping terms that result in the transfer of title of the merchandise at either the point of origin or point of destination.

Our policy is to maintain sufficient quantities of inventories on hand in our retail stores and distribution centers to enable us to offer customers an appropriate selection of current merchandise. We emphasize rapid turnover and ~~take markdowns~~ ~~mark down~~ products as required ~~needed~~ to keep merchandise fresh and current.

~~We remain focused on maximizing our strong relationships with our supplier partners and our sourcing and logistics capabilities to help mitigate any supply chain challenges and cost pressures on our business.~~

Advertising and Customer Support

Our brand marketing and advertising efforts are focused on highlighting our products' fashion, innovative design and quality while also accentuating our brands' positioning in the broader market and changing landscape. We have shifted the focus of our global message across platforms towards promoting inclusivity and highlighting our products through an empowering, relatable, fresh brand voice to align with our customers' values. Our marketing strategies are designed to drive brand awareness and create continued loyalty between our customers and our brands. We also find it important to cater messaging towards different geographic and cultural preferences and customs in order to better connect with our customers. We are committed to evolving our brand projection to serve our consumer and are developing a number of initiatives to continue that evolution through traditional media, entertainment platforms, and community-driven forums. We pursue our marketing strategy across a variety of platforms to reach our omni-channel customers, both ~~in-store~~ ~~in stores~~ and online. We use traditional media outlets such as print, as well as digital media channels including social media, paid search and influencers. We have a dedicated team focused on marketing analytics to help ensure our advertising and promotional investments are providing effective returns.

Our e-commerce channel and store locations also provide customers with an enhanced understanding of our brands through uniform messaging and brand essence across platforms. Each brand has a marketing team focused on ensuring ~~that we reach and engage with the customer is appropriately reached and engaged~~ ~~customer~~. Our in-store sales force is also highly knowledgeable and we have regular in-store training to promote positive customer interactions through helpful and informed store associates.

Information Systems

Our management information systems consist of a full range of retail, financial and merchandising systems. The systems include applications related to point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management, data security and support systems including human resources and finance.

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Seasonal Business

Our operations are seasonal in nature and consist of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). The fourth quarter, including the holiday season, typically accounts for approximately one-third of our net sales and is normally our most profitable quarter. Accordingly, cash requirements are routinely highest in the third quarter as our inventories build in advance of the holiday season.

Working Capital

We fund our business operations through a combination of available cash and cash equivalents and cash flows generated from operations. In addition, our credit facilities are available for additional working capital needs and investment opportunities.

Regulations

We and our products are subject to regulation by various federal, state, local and foreign regulatory authorities. We are subject to a variety of tax and customs regulations and international trade arrangements. While there are no current regulatory matters that we expect to be material to our results of operations, financial position, or cash flows, there can be no ~~assurances~~ ~~assurance~~ that existing or future laws, regulations and standards applicable to our operations or products will not lead to a material adverse impact on our results of operations, financial position or cash flows.

Intellectual Property

Our trademarks and patents, which constitute our primary intellectual property, have been registered or are the subject of pending applications in the U.S. Patent and Trademark Office and with the registries of many foreign countries where our products are manufactured ~~and/or sold~~. We believe our products are identified by our trademarks and, thus, our trademarks are of significant value. Accordingly, we intend to maintain our trademarks and related registrations and vigorously protect our intellectual property assets against infringement, misappropriation ~~or and~~ other violations. Although the laws vary by jurisdiction, in general, trademarks remain valid and enforceable as long as the marks are used in connection with the related products and services and the required registration renewals are filed.

We also place high importance on product innovation and design, and a number of these innovations and designs are the subject of issued patents and pending patent applications.

Due to the worldwide consumer recognition of our products, we face an increased risk of counterfeiting by third parties. We vigorously monitor and enforce our intellectual property and proprietary rights against counterfeiting, infringement, misappropriation and other violations by third parties where and to the extent legal, feasible and appropriate. However, the actions we take to protect our intellectual property rights may not be adequate to prevent third parties from copying our products or infringing, misappropriating or otherwise violating our trademarks or other intellectual property rights, and the laws of foreign countries may not protect intellectual property rights to the same extent as do the laws of the U.S.

Other Information

For additional information about our business, including our net sales and profits for the last three years and selling square footage, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Competition

The sale of women's intimates, apparel, and personal and beauty care products is a highly competitive business. We believe we compete effectively in our core categories by leveraging our brand equity, unique scale and our high-quality innovative products. Our primary competitors include individual and chain specialty stores, department stores, mass merchandisers, online retailers and discount retailers. Additionally, we see a large and growing offering from private label intimates apparel created for retailers in addition to emerging brands. Brand image, presentation, marketing, design, price, service, fulfillment, assortment, fit and quality are the principal competitive factors.

Human Capital Management

We believe the way we view human capital management is a strength, and we are committed to continuing to build a responsible and inclusive business based on uncompromising transparency, fairness, diversity, and integrity, consistent with our **Company** values.

Diversity, Equity and Inclusion

Diversity, equity and inclusion ("DEI") are key components of our culture and fundamental in achieving our strategic priorities and goals. At Victoria's Secret & Co., our DEI vision is to celebrate, honor and reflect the diversity of our customers, our associates and the communities we engage.

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Our mission is to inspire and empower all by reflecting experiences, expanding access, and recognizing diversity. We pledge to welcome and celebrate every associate, partner and customer from all backgrounds, all abilities and all life stages.

As we strive to create a better future for our organization and our world, we are committed to consciously and continuously learning and growing from our past and present. For us, it is not just about selling **products**; it is about using our scale and platform to champion every voice and drive forward inclusion and equity for every individual.

Our DEI Strategic Framework

We believe that integrating DEI into everything we do is not just the right thing to do but is critical to driving performance and doing well for our associates, customers and communities. We are committed to bringing this to life through strategic actions with measurable goals, **focusing focused** on three key pillars: People, Experience and Purpose.

People

More than stores, more than products, Victoria's Secret & Co. is a community of people with different backgrounds, qualities, abilities, and talents. Embracing and fostering that diversity is what makes us strong. Our DEI People work is focused on:

- Retaining **more diverse associates** of all backgrounds, including those in underrepresented groups
- Increasing diversity within our workforce
- Enabling the growth and advancement of all our talent

Experience

When our people are at their best, our company is at its best. We are committed to creating a workplace where everyone can bring their whole selves to work and thrive. Our DEI Experience work is focused on:

- Increasing associate engagement on our DEI journey
- Driving inclusive leadership across our organization
- Fostering a happy and healthy culture

Purpose

We do not just sell products, we inspire and uplift. We are passionate about creating products that meet our customers' diverse needs and telling stories that reflect their journeys while empowering the communities where we live and work. Our DEI Purpose work is focused on:

- Reaching and serving more diverse customers
- Investing in more women-, black, indigenous, and people of color-, LGBTQIA+, Veteran- and People With Disabilities-owned businesses and suppliers
- Using our platform and resources to empower our communities, advance racial equity and promote social justice

To strengthen our workforce and better reflect and serve our customers, it is critical that we have diverse voices at the table. We are committed to retaining **more diverse associates** of all backgrounds, including those in underrepresented groups, attracting **more diverse** talent and empowering the growth and advancement of all our associates.

We recognize we have opportunity to increase our **diverse** workforce and leadership representation **in certain groups**, and will drive progress by:

- Being intentional about **promoting** ensuring opportunities for promotion and **advancing** advancement for women and people of color;
- Recommending diverse interview slates;
- Tapping into **diverse** talent pipelines from stores and distribution centers to the home office;
- Offering equitable learning and development opportunities for all, including sending women and people of color to programs dedicated to the development and advancement of diverse leaders;
- Evolving our full life cycle recruiting process to address any barriers to entry;
- Forming new partnerships and relationships with organizations that cultivate a diverse talent **pipeline**, including persons from underrepresented groups; and

- Holding leaders accountable for supporting the growth of diverse talent. all talent, including talent from underrepresented groups.

As of **January 28, 2023** **February 3, 2024**, we employed approximately **31,000** **30,000** associates, approximately 17,000 of whom were part-time. In addition, temporary associates are hired during peak periods, such as the holiday season. Approximately **75%** **73%** of our associates work in our stores, 12% in distribution centers, with the remaining balance working in our home office and call centers. center.

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Learning and Development and Inclusion Resource Groups

We are committed to investing in our associates by providing diverse learning and development opportunities, challenging work experiences and offering Inclusion Resource Groups ("IRGs"). We believe that associates can reach their career goals through multiple roles, career paths and locations around the world. We offer a variety of enrichment experiences for those joining us as interns, new graduates, in mid-career or as a capstone to a career. Examples include:

- Development Days: Dedicated time to advance technical, creative or business skills.
- Leadership Development: Courses for associates in management positions to build critical skills and grow as effective leaders.
- Onboarding: Dedicated time to learn the business and to form important relationships for mentoring and development.
- Tuition Assistance: Reimbursement of 100% of eligible tuition expenses, up to \$5,250 per calendar year.

Our IRGs create an opportunity for associates to connect with one another around their shared passion for the important role DEI plays in our organization and for creating an inclusive and equitable workplace for all associates. Our IRGs provide professional development for associates and opportunities to volunteer in our communities, as well as support the needs of the business and help shape the culture of our company. Membership is open to all eligible associates for the following six IRGs:

- Asian Learning, Leadership & Innovation Network (All In): Asian American and/or Pacific Islander associates and their allies and advocates;
- Conexión: Hispanic and Latinx associates and their allies and advocates;
- Evolve: LGBTQIA+ associates and their allies and advocates;
- Mosaic: Black and African American associates and their allies and advocates;
- Women Inclusion Network (WIN): Associates who identify as women and their allies and advocates; and
- ADAPT: Associates who identify as People With Disabilities, (and/or their caregivers) caregivers, and their allies and advocates.

Associate Engagement and Well-Being

Associate engagement and well-being are key components of our culture and fundamental **in to** achieving our strategic priorities and goals.

Culture

We are committed to associate engagement by striving to foster a happy, healthy and inclusive culture where everyone can bring their whole selves to work. At Victoria's Secret & Co., our purpose goes beyond selling product. We strive to provide a community of smart, passionate and dedicated associates whose creativity, innovation and hard work fuel the world's most recognized lingerie, apparel and beauty brand. We also strive to provide a community in which all associates are treated fairly and respectfully, with equal access to opportunities and resources, allowing associates to contribute fully to our success. As our world evolves, we evolve with it by embracing social change, taking action, and holding ourselves accountable for creating a happy, healthy and safe place to work.

We are focused on retaining, recruiting and advancing talent that reflects the customers we serve and the communities where we live and work. By encouraging a workplace environment where diversity, equity and inclusion are valued, we believe we can serve our customers better, as well as retain highly talented associates, suppliers and vendors of different backgrounds and experiences.

In addition, we maintain an Ethics Hotline where associates may anonymously report potential instances of unethical conduct and potential violations of law or company policies 24 hours a day, 7 days a week. We have a written Code of Conduct that is based on our values and provides a resource where associates can find information that defines behaviors that are acceptable and those that are not. We conduct an annual Code of Conduct compliance process which requires associates to certify that they have read and agree to abide by the Code of Conduct and to complete a separate training course.

Benefits

We are committed to associate well-being by providing quality benefits and offering equitable and competitive wages. We support our associates to be at their best—at work and at home.

Our benefit programs are designed to be comprehensive, cost-effective and competitive to help our associates and their families be well and stay well.

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We offer competitive compensation, company-matched savings and contributions to the retirement plan, and flexible and affordable health, wellness and lifestyle benefits to eligible associates. Eligible associates can choose benefits and access resources that fit their lifestyle, including, but not limited to, 14 weeks paid maternity leave, 6 weeks paid paternity leave, adoption assistance, tuition reimbursement, free access to life planning and health advocate services and generous merchandise discounts. We also **recently** **extended** provide a worldwide Employee Assistance Program for all associates and anyone in their household to support mental health well-being. In addition, we offer paid time off to eligible part-time associates.

We are committed to equal opportunity and treatment for all associates which includes equal career advancement opportunities and equitable and competitive wages. Our compensation programs are designed to link annual changes in compensation to Victoria's Secret & Co.'s the Company's overall performance. At the individual level, we strive to assess performance on both an associate's contributions as well as behaviors displayed to achieve them. The emphasis on Victoria's Secret & Co.'s the Company's overall performance is intended to align our associates' financial interests with the interests of our stockholders. All salaried associates in the home office, distribution and call centers center participate in our short-term cash incentive program. We encourage associate stock ownership with the ability to purchase Victoria's Secret & Co. shares at a discount through our associate stock purchase plan.

Ensuring Equal Pay for Equal Work

The heart of our business is our talented workforce. We offer competitive pay and benefits to our more than 30,000 associates around the world and pay all associates equitably regardless of gender, race, ethnicity or background.

We conduct an annual, rigorous and transparent review of 100% of our worldwide workforce that is verified by an independent third party to ensure that all salaries and incentive compensation targets are fair and unbiased. If we find any differences in pay between men and women globally or by race and ethnicity in the United States, we make upward adjustments. Our process reviews gender, race, ethnicity and the intersection of these identities. (Many jurisdictions outside the U.S. limit our ability to collect information on race and ethnicity and also what we can do with that information.)

Because workforces are dynamic and ever-changing, so is the work to ensure pay equity. We believe that pay equity is a journey, not a destination. Victoria's Secret & Co. engages We engage in an ongoing analysis and is are committed to continued transparency relative to our metrics on pay equity, and we plan to report to our associates and to the public on an annual basis.

Health and Safety

Health and safety of our associates, customers and vendors are key components of our culture and fundamental in achieving our strategic priorities and goals. We strive to provide safe and clean facilities, comply with all applicable workplace safety laws and have global safety policies and procedures to protect from avoidable injury.

Model Engagement and Photo Shoot Compliance

At Victoria's Secret & Co., our values define who we are and what we stand for, including treating everyone with dignity and respect. To support these values, we have established compliance processes and protocols which apply to all Victoria's Secret & Co. our associates and third parties participating in photo shoots, public relations events, fit sessions and other internal meetings where models are present.

Our Global Ethics and Compliance team is responsible for the day-to-day administration and management of the model engagement and photo shoot compliance protocols. Responsibilities include, but are not limited to, executing certain compliance processes related to the Photo Shoot Procedures and Fit Session Protocol, training new and existing associates, and escalating allegations of misconduct for investigation by the appropriate teams. For photo shoots, all external crew is required to certify to the Victoria's Secret & Co. Anti-Harassment and Civility Policy and authorized compliance monitors are assigned to every photo shoot to provide oversight and ensure compliance with the Photo Shoot Procedures. Procedures and Fit Session Protocol.

Executive Officers of Registrant

Our executive officers at the end of 2022 2023 were as follows:

- Martin Waters, 57, 58, has been our Chief Executive Officer ("CEO") since February 2021. Mr. Waters joined L Brands in 2008 and previously served as the CEO of VS Lingerie from 2020 to 2021 and CEO of L Brands International from 2008 to 2021, 2020;
- Timothy Johnson, 55, 56, has been our Chief Financial and Administrative Officer since July 2022. Mr. Johnson joined Victoria's Secret & Co. in July 2021 and previously served as Chief Financial Officer from July 2021 to July 2022. Prior to July 2021, Mr. Johnson served as the Chief Financial Officer and Chief Administrative Officer of Big Lots, Inc. from August 2015 to August 2019 and Chief Financial Officer of Big Lots from August 2012 to August 2015;
- Dein Boyle, 63, 64, has been our Chief Operating Officer since 2020. Mr. Boyle joined L Brands in 2008 and previously served as Chief Operating Officer of PINK from 2016 to 2020, Chief Administrative Officer of PINK from 2015 to 2016 and Executive Vice President at PINK from 2012 to 2014;

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- Melinda McAfee, 52, 53, has been our Chief Human Resources Officer and Chief Legal Officer since October 2022. Ms. McAfee joined Victoria's Secret & Co. in May 2021 and previously served as Chief Legal Officer from May 2021 to October 2022. Prior to May 2021, Ms. McAfee served as Senior Vice President, General Counsel and Corporate Secretary of Express, Inc., from December 2018 to April 2021 and Deputy General Counsel and Chief Privacy Officer of Abercrombie & Fitch Co. from November 2016 to October 2018;
- Christine Rupp, 54, 55, has been our Chief Customer Officer since September 2022. Prior to joining Victoria's Secret & Co., Ms. Rupp served as the Chief Customer Officer of Albertsons Companies, Inc. from December 2019 to July 2022 and General Manager of Microsoft Corporation from February 2016 to November 2019; and
- Greg Unis, 52, 53, has been our Chief Growth Officer Brand President since July 2022, June 2023. Mr. Unis joined L Brands in 2016 and previously served as Chief Growth Officer from July 2022 to June 2023 and CEO of Victoria's Secret Beauty from 2016 to July 2022. Prior to 2016, Mr. Unis served as Executive Vice President and Global Head of Men's and Licensing Merchandise for Coach from 2010 to 2016; and 2016.
- Amy Hauk, 56, has been our Brand CEO since July 2022. Ms. Hauk joined L Brands in 2008 and previously served as CEO of PINK from 2018 to July 2022 and Chief Merchant and Executive Vice President of Merchandising for Bath & Body Works from 2008 to 2018. On January 3, 2023, we announced that Amy Hauk will resign as Brand CEO, effective March 31, 2023. Following Ms. Hauk's departure, Martin Waters will continue to serve as CEO and will also assume the responsibilities of Brand CEO.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at www.sec.gov.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, [as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC](#), on the Investors section of our website, www.victoriassecretandco.com.

Copies of any of the above-referenced documents will also be made available, free of charge, upon written request to:

Victoria's Secret & Co.
Investor Relations Department
Four Limited Parkway East
Reynoldsburg, Ohio 43068

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ITEM 1A. RISK FACTORS.

SUMMARY OF RISK FACTORS

We and our stockholders are subject to a number of risks, including, risks related to our business operations, risks related to our indebtedness, risks related to owning our common stock and risks related to the Separation and related transactions. The following [list is a summary of risk factors](#) the material risks we and our stockholders face and is not exhaustive. Please read [the full "Risk Factors" discussion](#) that follows this summary carefully for a more thorough description of these and other risks.

Risks Relating to Our Business

- Adverse economic conditions have had and may continue to have an adverse effect on our business, results of operations and financial condition;
- Our [net sales, profit revenue, results of operations](#) and cash flows are sensitive to [consumer confidence and spending patterns](#), and may be [adversely affected by general negative political or economic conditions, consumer confidence, spending patterns, trends, geopolitical conflicts](#), significant health hazards or pandemics, [severe weather or other market disruptions](#);
- [The COVID-19 global pandemic has had and may continue to have an adverse effect](#) Our future success depends in part on our [business and results of operations; ability to successfully implement our strategic plan](#);
- Our net sales, operating income, cash and inventory levels fluctuate on a seasonal basis;
- If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or prevent or detect fraud, which could have a material adverse effect on our business or the market price of our securities;
- Turnover in company leadership or other key positions may have an adverse impact on our performance;
- We may be impacted by our ability to attract, develop and retain qualified associates and manage labor-related costs;
- Our net sales depend on a volume of traffic to our stores and the availability of suitable [lease space, store locations on satisfactory terms](#);
- Our ability to grow depends in part on new store openings and existing store remodels and right-sizing;
- Our international operations and our plans for international expansion include risks that could impact our results and reputation;
- Our licensees, franchisees, wholesalers, and joint venture partners could take actions [or omissions](#) that could harm our business or the image of our brands;
- Our direct channel business [includes is subject to](#) risks that could have an adverse effect on our results;
- We may not realize the potential benefits and synergies sought with the acquisition of Adore Me;
- [Our ability to incorporate artificial intelligence into our business operations successfully and ethically may affect our reputation and results of operations](#);
- Our ability to protect our reputation could have a material effect on the image and value of our brands;
- If our marketing, advertising and promotional programs are unsuccessful, or if our competitors are more effective with their programs than we are, our revenue or results of operations may be adversely affected;
- Our ability to adequately maintain, enforce and protect our trade names, trademarks and patents could have an impact on the image and value of our brands and [our ability to penetrate successfully enter](#) new markets;
- Our ability to compete favorably in our highly competitive segment of the retail industry could impact our results;
- Our ability to manage the life cycle of our brands and to remain current with fashion trends and launch new merchandise, product lines, and brands successfully could impact the [image and relevance value](#) of our brands;
- We may be impacted by our ability to adequately source [materials and produce, distribute and sell merchandise and other materials](#) on a global basis;
- We rely on a number of [vendor production](#) and distribution facilities located in the same vicinity, making our business susceptible to local and regional disruptions or adverse conditions;
- We may be impacted by our vendors' ability to manufacture and deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- Our results may be affected by fluctuations in freight, product input and energy costs, including those caused by inflation;
- Climate change and other sustainability-related matters, and related legal, regulatory and market responses to climate change, may adversely impact our business;

- Our ability to adequately protect our assets from loss and theft could have an adverse effect on our reputation, results of operations, financial condition and cash flows;
- We self-insure certain risks and may be impacted by unfavorable claims experience;
- We significantly rely on our and our third-party service providers' ability to implement and sustain information technology systems and to protect associated data and system availability;

- Any significant **cybersecurity** compromise or breach, **of our data security**, including **the security of with respect to customer, associate, third-party or company information**, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows;

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- Changes in laws, regulations or technology platform rules relating to data privacy and security, or any actual or perceived failure by us to comply with such laws and regulations or **related contractual or other obligations, relating to data privacy and security**, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows;
- Shareholder activism could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price;
- We may be adversely impacted by our ability to comply with regulatory requirements;
- We may be adversely impacted by certain compliance or legal matters; and
- We may be impacted by changes in taxation, trade and other regulatory requirements.

Risks Relating to Our Indebtedness

- We have debt obligations that could restrict our business and adversely impact our results of operations, financial condition **or and** cash flows; and
- Our ability to maintain our credit rating could affect our ability to access capital and could increase our interest expense.

Risks Relating to Our Common Stock

- The price of our common stock has fluctuated significantly and may continue to fluctuate significantly;
- Provisions in our **amended Certificate of Incorporation and restated certificate of incorporation and amended and restated bylaws Bylaws** and certain provisions of Delaware law could delay or prevent a change in control of the Company;
- Our **amended and restated bylaws Bylaws** designate Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us and affect the market price of our common stock;
- Your percentage ownership in the Company may be diluted in the future; and
- Our common stock is and will be subordinate to all of our current and future indebtedness and any preferred stock, and effectively subordinate to all indebtedness and preferred equity claims against our subsidiaries.

Risks Relating to the Separation

- We may not realize the anticipated benefits from the Separation, and the Separation could harm our business;
- **Our historical combined pro forma financial information for periods prior to the Separation is not necessarily representative of the results that we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results;**
- **Our Former Parent continues to perform functions for us, and we continue to perform functions for our Former Parent, on a transitional basis, and as a result we may experience operational disruptions and incur significant costs to perform these functions ourselves following the transition period or be subject to claims and liability;**
- **In connection with the Separation, our Former Parent has agreed to indemnify us for certain liabilities and we agreed to indemnify our Former Parent for certain liabilities. If we are required to act under these indemnities to our Former Parent, we may need to divert cash to meet those obligations, which could adversely affect our financial results. Moreover, the indemnity to our Former Parent may not be sufficient to insure us against the full amount of liabilities for which our Former Parent has retained responsibility, and our Former Parent may not be able to satisfy its indemnification obligations to us in the future;**
- **Some of our directors and officers may have actual or potential conflicts of interest because of their equity ownership in our Former Parent;**
- **If the Separation, together with certain related transactions, do not qualify as transactions that are tax-free for U.S. federal income tax purposes or non-U.S. tax purposes as a result of a breach by us of any covenant or representation made by us in the Tax Matters Agreement (as defined below), we could be subject to significant liability; and liability.**
- **We are subject to significant restrictions on our actions in order to avoid triggering significant tax-related liabilities.**

RISK FACTORS

You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K. Some of these risks relate principally to our business and **the industry in which we operate**, **operations**, to our outstanding indebtedness, or to **the securities markets generally and** ownership of our common stock, while others related principally to the Separation. Our business, prospects, results of operations, financial condition or cash flows could be materially and adversely affected by any of these risks, as well as additional risks not presently known to us or that we currently deem immaterial.

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Risks Relating to Our Business

Adverse economic conditions have had and may continue to have an adverse effect on our business, results of operations and financial condition.

Deterioration in Adverse economic conditions in the United States and globally has had and may continue to have an adverse effect on our business, results of operations, and financial condition. The current macroeconomic environment is characterized by record-high weakened consumer demand, inflation, supply chain challenges, labor shortages, high interest rates, foreign currency exchange volatility, volatility in global capital markets and growing recession risk. Such economic volatility conditions have and could continue to adversely affect our business, financial condition, results of operations and cash flows, and future flows. Future economic deterioration or market disruptions could negatively impact us. An economic downturn or a recession, or the perception that any of these events may occur, or continued or increased economic uncertainty may also lead to increased credit risk, higher borrowing costs or reduced availability of capital and credit markets, reduced liquidity, asset impairments and adverse impacts on our suppliers and the financial institutions with whom we transact.

Our sales are impacted by discretionary spending by consumers, which may tend to be adversely impacted by unfavorable local, regional, national or global economic conditions. Declines in consumer spending have in the past and in the future may continue to result in reduced demand for our products, increased inventories, lower revenues, higher promotional activity, and lower gross margins. Continued volatility in the availability and prices for commodities and raw materials we use in our products and in our supply chain could have an adverse effect on our costs, gross margins, and profitability. In addition, we may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it necessary or desirable to do so.

Our financial performance could be adversely impacted by heightened rates of inflation, inflationary pressures, which are subject to market conditions. conditions and impacted by fiscal and monetary policy. Inflationary pressures on the products we sell could impact our revenues and profitability, especially if we are unable to adjust increase our retail prices to reflect changes increases in our costs. During fiscal year years 2022 and 2023, we experienced levels of inflation that were higher than we have experienced in recent years, which impacted consumer confidence and spending patterns. We Changes in consumer behavior impact our sales and profitability, and we are unable to predict how long the current inflationary environment will continue or the impact of inflationary trends on extent to which consumer behavior may be impacted by negative macroeconomic conditions, or how those trends will impact our business, results of operations and our sales and profitability in the future. financial condition.

Our net sales, profit revenue, results of operations and cash flows are sensitive to consumer confidence and spending patterns, and may be adversely affected by general negative political or economic conditions, consumer confidence, spending patterns, trends, geopolitical conflicts, significant health hazards or pandemics, severe weather or other market disruptions.

Our net sales, profit, revenue, results of operations, cash flows and future growth may be affected by negative local, regional, national or international political or economic trends or developments, that reduce consumers' ability or willingness to spend, including the effects of national and international security concerns such as war, terrorism or the threat thereof. The ongoing Russian invasion of Ukraine thereof, to the extent such developments reduce consumers' ability or willingness to spend. Ongoing geopolitical conflicts in Europe and the financial and Middle East, as well as economic sanctions and other measures imposed by the European Union, the U.S., and other countries and organizations in response thereto has have created, and may continue to create, market disruption and volatility, supply chain disruptions, and instability in the geopolitical environment. These events and similar events in the future could have a material adverse effect on our customers, our international partners and our third-party suppliers, and may negatively impact our international digital sales and international stores.

In addition, market disruptions due to natural disasters, significant health hazards or pandemics, or other major events or the prospect of these events could also impact consumer spending and confidence levels. Similar to the disruption we experienced from the COVID-19 global pandemic, future pandemics, epidemics, disease outbreaks or other similar widespread public health concerns may disrupt our business, human capital, supply chain and production processes, which could have a material adverse effect on our results of operations and financial condition. Extreme weather conditions in the areas in which our stores, corporate offices, or production facilities are located, particularly in markets where we have multiple stores or production facilities, could adversely affect our business. Purchases of our products may decline during periods when economic or market conditions are unsettled volatile or weak. In such circumstances, we also may decide to increase the number of our promotional sales, activity, which could have a material adverse effect on our results of operations, profitability, financial condition and cash flows.

The COVID-19 Our future success depends in part on our ability to successfully implement our strategic plan.

We are in the process of executing a long-term strategic plan to accelerate our core business performance, ignite growth, and transform our foundation. To support achievement of the strategic plan, we are implementing a significant number of strategic initiatives, including initiatives focused on building a customer-centric company, improving our products, how we go to market, and our customer experience, and expanding our global pandemic has had footprint. There can be no assurance that these or other future strategic initiatives will be successful to the extent we expect, or at all. In addition, we are investing significant resources in these initiatives and the costs of the initiatives may continue outweigh their benefits. We cannot give assurance that our management will be able to have an adverse effect on manage these initiatives effectively or implement them successfully. If we fail to implement our strategic plan effectively, or if our competitors are more successful in implementing their strategic plans and initiatives than we are, our business and results of operations.

The outbreak and spread of the COVID-19 pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, and led to significant travel and transportation restrictions. Our business operations and financial performance have been materially impacted by the COVID-19 pandemic, including closure of our stores, limited store operating hours, reduced customer traffic and consumer spending, supply chain disruption and delays, increased cost of transportation, raw materials, and labor, and other challenges. Even as the COVID-19 pandemic subsides, macroeconomic impacts related to the pandemic, including inflation, supply chain disruptions and labor shortages, may continue. We continue to focus on protecting the health and safety of our customers, employees, contractors, suppliers, and other business partners.

Although our operations have generally stabilized since the onset of the COVID-19 pandemic, considerable uncertainty remains. The degree to which COVID-19 continues to impact our business will depend on future developments that are highly uncertain and cannot be predicted, many of which are outside our control. In the event there is a widespread regional, national or global health epidemic or pandemic, including future outbreaks of COVID-19 variants, our business operation could be severely impacted.

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adversely affected.

Our net sales, operating income, cash and inventory levels fluctuate on a seasonal basis.

We experience major seasonal fluctuations in our net sales and operating income, with a significant portion of our operating income typically realized during the fourth quarter holiday season. Any decrease in sales or margins during this period could have a material adverse effect on our results of operations, financial condition and cash flows.

Seasonal fluctuations also affect our cash and inventory levels, since we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before in the months preceding the holiday season selling period. If we are not successful in selling that inventory, we may have to sell the inventory at significantly reduced prices or may not be able to sell the inventory at all, which could have a material adverse effect on our results of operations, financial condition and cash flows.

If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or prevent or detect fraud, which could have a material adverse effect on our business or the market price of our securities.

In accordance with Section 404 of the Sarbanes-Oxley Act, our management is required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a report on these internal controls in our Annual Reports on Form 10-K, and our independent registered public accounting firm is required to formally attest to the effectiveness of our internal controls. This process involves considerable time, attention, operating expenses and outside auditor fees, and may strain our internal resources, including accounting systems and resources. If management or our independent registered public accounting firm determines that our internal control over financial reporting is not effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we affected. We could also become subject to investigations by the NYSE, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, if our controls are not effective, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our financial statements, a decline in our stock price, or suspension or delisting of our common stock from the NYSE, and NYSE. Any of these events could have a material adverse effect on our business, financial condition, prospects and results of operations.

Turnover in company leadership or other key positions may have an adverse impact on our performance.

We may experience changes in key leadership or key positions in the future. The departure of key leadership personnel can could result in the loss of significant knowledge, experience and experience. expertise. This loss of knowledge and experience can be mitigated through successful promotions, hiring and transition, but there can be no assurance that we will be successful in such efforts. Attracting and retaining qualified senior leadership may be more challenging under adverse business conditions. conditions or a competitive labor market. Failure to attract and retain the right talent, or to smoothly manage the transition of responsibilities resulting from such turnover, could affect our ability to meet accomplish our challenges strategic plans and may cause us to miss performance objectives or financial targets or disrupt our relationships with our customers.

We may be impacted by our ability to attract, develop and retain qualified associates and manage labor-related costs.

We believe one of our key competitive advantages is providing a positive, engaging and satisfying experience for each customer, which requires us to have highly trained and engaged associates. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified associates, including store personnel and talented merchants. The turnover rate in the retail industry is generally high, and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply in some areas. areas and during certain times of the year. Competition for such qualified individuals or changes in labor and healthcare laws could require cause us to incur higher labor costs. As certain jobs and employers increasingly operate remotely, traditional geographic competition for talent may change in ways that cannot be fully predicted at this time. Our inability to recruit a sufficient number of qualified individuals in the future may delay planned openings of new stores or affect the speed with which we expand. Delayed store openings, significant increases in associate turnover rates or significant increases in labor-related costs could have a material adverse effect on our results of operations, financial condition and cash flows.

Our net sales depend on a volume of traffic to our stores and the availability of suitable lease space, store locations on satisfactory terms.

Most of our stores are located in retail shopping areas, including malls and other types of retail centers. Sales at these stores are derived, in part, from the volume of traffic in those retail areas. Our stores benefit from the ability of the retail center and other attractions in an area, including "destination" retail stores, to generate consumer traffic in the vicinity of our stores. Sales volume and retail traffic may be adversely affected by factors that we cannot control, such as economic downturns or changes in consumer demographics in a particular area, consumer trends away from brick-and-mortar retail toward online shopping, competition from digital and other retailers and other retail areas where we do not have stores, significant health hazards or pandemics, the closing of other stores or the decline in popularity or safety in the shopping areas where our stores are located, and the deterioration in the financial condition of the operators or developers of the shopping areas in which our stores are located.

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Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. The market for prime retail real estate is competitive. We cannot be sure as to when or whether such desirable locations will become available to us at reasonable costs. costs and on satisfactory lease or other terms. Some of our store locations require significant upfront capital investment and have material lease commitments. If we determine that it is no longer economical to operate a store and decide to close it, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. A dispute regarding our leases may result in litigation with the respective landlord, and any such dispute could be costly and have an uncertain outcome. Additionally, we are dependent upon the suitability of the lease spaces that we currently use.

These risks could have a material adverse effect on our ability to grow and our results of operations, financial condition and cash flows.

Our ability to grow depends in part on new store openings and existing store remodels and right-sizing.

Our continued growth and success will depend in part on our ability to open and operate new stores and right-size and remodel existing stores on in a timely and profitable basis. Accomplishing our manner. Our ability to open new store opening goals will depend stores depends upon a number of factors, including the ability to partner with developers and

landlords to obtain suitable sites for new stores at acceptable costs, the availability and cost of materials and contractors, the hiring and training of qualified personnel and the integration of new stores into existing operations. There can be no assurance we will be able to achieve our initiatives regarding opening new store opening stores and existing store rightsizing and remodeling goals, existing stores, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, right-sized, remodeled and existing stores profitably. These risks could have a material adverse effect on our ability to grow and results of operations, financial condition and cash flows.

Our international operations and our plans for international expansion include risks that could impact our results and reputation.

We intend to continue to operate internationally our international operations and further expand into international markets through partner and/or joint venture arrangements. The risks associated with international markets are numerous and include difficulties in attracting customers due to a lack of customer familiarity with our brands and our lack of familiarity with local customer preferences and seasonal differences in the market preferences. Any of these difficulties may lead to disruption in the overall timing or profitability of our international expansion efforts or increased costs, efforts. Further, entry into other new markets may bring us into competition with new competitors or with existing competitors with an established market presence. Other risks include general economic conditions in specific countries or markets, volatility in the geopolitical landscape, restrictions on the repatriation of funds held internationally, disruptions or delays in shipments, occurrence of significant health hazards or pandemics, changes in diplomatic and trade relationships, political instability and foreign governmental regulation. Such expansions will also have upfront investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Further, our results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates. We are exposed to foreign currency exchange rate risk with respect to our sales, profits, assets and liabilities denominated in currencies other than the U.S. dollar. In addition, our royalty arrangements are calculated based on sales in local currency and, as such, we are exposed to foreign currency exchange rate fluctuations. From time to time we use foreign currency forward contracts to hedge certain foreign currency risks; however, these measures may not succeed in offsetting all of the short-term negative impacts of foreign currency rate movements on our business and results of operations. Hedging For example, hedging would generally not be effective in offsetting the long-term impact of sustained shifts in foreign exchange rates on our business results. As a result, the fluctuation in the value of the U.S. dollar against other currencies could have a material adverse effect on our results of operations, financial condition and cash flows.

Our licensees, franchisees, wholesalers, and joint venture partners could take actions or omissions that could harm our business or the image of our brands.

We have global representation through independently owned stores operated by our third-party partners. Although we have criteria to evaluate and select prospective partners, the level of control we can exercise over our partners is limited, and the quality and success of their operations may be diminished by any number of factors beyond our control. For example, our partners may not have the business acumen or financial resources necessary to successfully operate stores in a manner consistent with our standards and may not hire and train qualified store managers and other personnel. Further, we have limited control as to whether our partners comply with federal and local law. The image of our brands and our reputation may suffer materially, and our sales and operating income could decline if our partners do not operate successfully. These risks could have an adverse effect on our results of operations, financial condition and cash flows.

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Our direct channel business includes is subject to risks that could have an adverse effect on our results.

Our ability to successfully operate and grow our digital operations are subject to numerous risks that could have a material adverse effect on our results, business and results of operations. Risks include but are not limited to, the difficulty in recreating the our unique in-store experience through our direct channels; domestic or international resellers purchasing merchandise and reselling it outside our control; our ability to anticipate and implement innovations in technology and logistics in order to appeal to existing and potential customers who increasingly rely on multiple channels to meet their shopping needs; our ability to keep up with drastic shifts in customer demand, such as we saw with the COVID-19 pandemic; and the failure of and risks related to the systems that operate our web digital infrastructure, websites and the related support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break-ins and similar disruptions.

Our failure to maintain efficient and uninterrupted order-taking and fulfillment operations could also have a material adverse effect on our results, business and results of operations. The satisfaction of our online customers depends on their timely receipt of merchandise. If we encounter difficulties with our distribution facilities, or if the facilities were to shut down for any reason, including as a result of fire, natural disaster, severe weather or work labor stoppage, we could face shortages of inventory. Supply chain including inflationary pressures, or product transportation challenges have caused and could continue to cause us to incur higher costs and longer lead times associated with distributing our products to our customers.

Any of these issues could cause customer dissatisfaction, reduced sales and profitability and have a material adverse effect on our operations, financial condition and cash flows.

We may not realize the potential benefits and synergies sought with the acquisition of Adore Me.

During 2022, we acquired Adore Me as part of our strategic growth plan. The success of the acquisition, including anticipated benefits and synergies, will depend in part on our ability to successfully leverage Adore Me's expertise and technology and to integrate the Adore Me business. We believe that there are significant benefits and synergies that may be realized, including as a result of leveraging Adore Me's expertise and technology to improve the Victoria's Victoria's Secret and PINK customer shopping experience and accelerate the modernization of our current digital platform. However, we may fail to realize these benefits and synergies for a variety of reasons, including:

- failure to successfully manage relationships with customers, distributors and suppliers;
- failure of Adore Me's customers to continue as customers of the combined company;
- potential incompatibility or difficulties integrating and harmonizing technologies to effectively leverage Adore Me's technology to improve the Victoria's Victoria's Secret and PINK customer experience and to modernize our current digital platform;
- integration may be more costly, time-consuming or less effective than anticipated;
- the loss of key employees; and
- failure to combine product offerings and purchase experiences efficiently and effectively.

Further, our integration efforts could disrupt both companies' existing operations and also divert management attention and resources. If we experience difficulties with the integration process, the anticipated benefits of the acquisition, including anticipated sales and growth opportunities, may not be realized fully, or at all, and may take longer to realize than expected. Failure to achieve the anticipated benefits of the acquisition could adversely affect our results of operations, financial condition and cash flows, decrease or delay the accretive effect of the acquisition and negatively impact the price of our common stock.

In addition, we may, from time to time, evaluate and pursue other strategic investments or acquisitions. These involve various inherent risks, including unanticipated liabilities or contingencies, and the benefits sought may not be realized. The acquisition of Adore Me or other strategic investments or acquisitions may not create value and may harm our brands and adversely affect our business, financial condition and results of operations.

Our ability to incorporate artificial intelligence into our business operations successfully and ethically may affect our reputation and results of operations.

Our strategic plans and initiatives include investments in information technology, data science and artificial intelligence ("AI"). The use of AI and similar technology presents risks, challenges and ethical issues that could adversely affect our business. AI algorithms or training methodologies may have flaws and be prone to cybersecurity incidents or service interruptions. Data sets used by AI may be overbroad, insufficient or contain biased information. AI may generate offensive, illegal, inaccurate, or otherwise harmful content. If the work product that AI applications assist in producing is deficient, inaccurate or misleading, we could be subject to competitive harm, legal liability, regulatory action, and brand or reputational harm. Use of AI by our associates could increase the risk of exposure of confidential or competitively sensitive information. Privacy concerns and risks related to intellectual property rights of inputs into the program and AI work product are also present. If we enable or offer AI solutions that have unintended consequences, unintended usage or customization by our associates, customers or partners, or are controversial because of their impact on human rights, privacy, security, employment, or other social, economic or political issues, we may experience reputational harm, regulatory action and legal liability. Further, we may be unable to quickly and successfully adapt to rapid change resulting from advancements in AI and similar technology, or our competitors may have more success implementing and utilizing such technology than we do. Any of these risks could have an adverse effect on our reputation and results of operations.

Our ability to protect our reputation could have a material effect on the image and value of our brands.

Our ability to maintain and refine our reputation is critical to the image and value of our brands. Our reputation could be jeopardized if we fail to maintain high standards for merchandise quality and corporate integrity. Any negative publicity, including information publicized through traditional or social media platforms, and similar venues such as blogs, websites and other forums, may affect our reputation and brands and, consequently, reduce demand for our merchandise, even if such publicity is unverified or inaccurate.

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Failure to comply, with or the perception that we have failed to comply, with ethical, social, product, labor, privacy and environmental standards, or related political considerations, sentiment, could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. Additionally, organizations that provide information to investors on corporate governance and other matters have developed rating systems for evaluating companies on their approach to environmental, social and governance matters. Unfavorable ratings may also affect our reputation and the sentiment perception of our brands, which could have a negative impact on our financial performance and stock price. Failure to comply with local laws and regulations, to maintain an effective system of internal controls, to maintain the security of customer, associate, third-party and Company information or to provide accurate and timely financial statement information disclosure could also hurt our reputation. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation.

If our marketing, advertising and promotional programs are unsuccessful, or if our competitors are more effective with their programs than we are, our revenue or results of operations may be adversely affected.

Customer traffic and demand for our merchandise are influenced by our advertising, marketing and promotional activities, the name recognition and reputation of our brands and the location of and service offered in our stores. Although we use marketing, advertising and promotional programs to attract customers through various media, including social media, websites, mobile applications, email, print and television, some of our competitors may expend more for their programs than we do, or use different approaches than we do, which may provide them with a competitive advantage. Our programs may not be effective or could require increased expenditures, which could have a material adverse effect on our revenue and results of operations.

Our ability to adequately maintain, enforce and protect our trade names, trademarks and patents could have an impact on the image and value of our brands and our ability to penetrate successfully enter new markets.

We believe that our trade names, trademarks and patents are important assets and an essential element of our strategy, especially with respect to new brands and innovative new products, products and maintaining the integrity of our brands. We have obtained or applied for federal or obtained registration of our trade names, trademarks and patents in the U.S. and have applied for or obtained registrations in many foreign countries. However, there can be no assurance that we will obtain such registrations or that the registrations we obtain will prevent the imitation of our products or infringement or other violation of our intellectual property rights by others. In particular, the laws of certain foreign countries may not protect proprietary rights to the same extent as the laws of the U.S. If any third party copies our products, our stores, or our websites, in a manner that projects lesser quality or carries a negative connotation, it could have a material adverse effect on the image of our brands and our reputation as well as our results of operations, financial condition and cash flows.

Third parties may assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks, or claim that we are infringing, misappropriating or otherwise violating their intellectual property rights. We may be unable to successfully resolve these type of conflicts to our satisfaction and may be required to enter into costly license licensing agreements, be required to pay significant royalty, royalties, settlements costs or damages, be required to rebrand our products and/or be prevented from selling some of our products.

Our ability to compete favorably in our highly competitive segment of the retail industry could impact our results.

The retail industry is highly competitive, competitive, especially with respect to the intimates, apparel and beauty markets. We compete for sales with a broad range of other retailers, including individual and chain specialty stores, department stores and discount retailers. In addition to the traditional store-based retailers, we also compete with direct marketers

or and retailers that sell similar lines of merchandise and who target customers through online channels. Brand image, marketing, design, price, service, assortment, quality, image presentation and fulfillment are all competitive factors in both the store-based and online channels.

Some of our competitors may have greater financial, marketing and other resources available and trends to them. Trends across our product categories may favor our competitors, including the shift in customer preference to digital and omni-channel shopping. We rely to a greater degree than some of our competitors on physical locations in shopping malls and retail centers and so declines in traffic to such locations may affect us more significantly than our competitors. Some of our competitors sell their products in stores that are located in the same shopping malls and retail centers as our stores. In addition to competing for sales, we compete for favorable site locations and lease terms in shopping malls and retail centers, terms.

Increased competition, combined with declines in mall and/or online website traffic, could result in price reductions, increased marketing expenditures and loss of pricing power and market share, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

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Our ability to manage the life cycle of our brands and to remain current with fashion trends and launch new merchandise, product lines, and brands successfully could impact the image and relevance value of our brands.

Our success depends in part on management's ability to effectively manage the life cycle of our brands and to anticipate and respond to changing fashion preferences and consumer demands and to translate market trends into appropriate, salable product offerings in advance of the actual time of sale to the customer, a timely and effective manner. We are dependent on certain product categories, and a decline in consumer demand in these product categories could negatively affect our results of operations, financial condition and cash flows. We may choose to launch new product categories or brands, and our ability to successfully introduce new merchandise, product lines, and brands will impact our results of operations and the image and relevance of our brands. Customer demands and fashion trends change rapidly. If we are unable to successfully anticipate, identify or react to changing styles or trends or we misjudge the market for our products or any new product lines, our sales may decrease, potentially resulting in significant amounts of unsold inventory. In response, we may be forced to increase our marketing promotions or price markdowns, and promotional activity. These risks could have a material adverse effect on the image value of our brands and our reputation as well as our results of operations, financial condition and cash flows.

We may be impacted by our ability to adequately source materials and produce, distribute and sell merchandise and other materials on a global basis.

We source merchandise materials and other materials directly produce merchandise in international markets and in our domestic market. We distribute merchandise and other materials globally to our partners, stores and customers in international locations. Many of our imports and exports are subject to a variety of customs regulations and international trade arrangements, including existing or potential duties, tariffs or safeguard quotas. We also compete with other companies for production facilities.

We also face a variety of other risks generally associated with doing business on a global basis. For example:

- political instability, wars and geopolitical conflicts, environmental hazards or natural disasters, which could negatively affect international economies, financial markets, supply chain operations and business activity;
- significant health hazards or pandemics, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embarguing of goods produced in infected affected areas;
- imposition of new or retaliatory trade duties, sanctions or taxes and other charges on imports or exports;
- evolving, new or complex legal and regulatory matters;
- volatility in currency exchange rates and rising interest rates;
- local business practice and political issues, (including including issues relating to compliance with domestic or international labor standards) standards, which may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- 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 or other factors.

We also rely upon third-party transportation providers for substantially all of our product shipments, including shipments to and from our distribution centers, to our stores and to our customers. Our utilization of these delivery services for shipments is subject to risks, including increases in labor costs and fuel prices, which would increase our shipping costs, and associate strikes and inclement weather, which may impact our transportation providers' ability to provide delivery services that adequately meet our shipping needs. Further, the rapid increase in demand for online shopping has led to increased pressure on the capacity of our fulfillment network.

We rely on a number of vendor production and distribution facilities located in the same vicinity, making our business susceptible to local and regional disruptions or adverse conditions.

To achieve the necessary accelerate speed and agility in producing our beauty and personal care products, we rely heavily on vendor production and distribution facilities in close proximity to our headquarters in Central central Ohio. In addition, a significant portion of our intimates and apparel products are produced in Southeast Asia. As a result of the geographic concentration of the vendor production and distribution facilities that we rely upon, our operations are susceptible to local and regional factors, such as accidents, system failures, economic and extreme weather conditions, natural disasters, demographic and population changes, and other unforeseen or uncontrollable events and circumstances. Any significant interruption in the operations of these facilities could lead to inventory issues shortages, supply chain disruption or increased costs, which could have a material adverse effect on our results of operations, financial condition and cash flows.

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We may be impacted by our vendors' ability to manufacture and deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations.

We purchase products from third-party vendors. Factors outside our control, such as production or shipping delays or quality problems, could disrupt merchandise deliveries and result in lost sales, cancellation charges or excessive markdowns.

In addition, quality problems could result in product liability litigation or a widespread product recall that may negatively impact our reputation, sales and profitability depending on product availability, competitor reaction and consumer attitudes. Even if the product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertions could adversely impact our reputation with existing and potential customers and the image of our brands.

Our business could also suffer if our third-party vendors fail to comply with applicable laws, regulations or ethical standards. While our internal and vendor supplier operating guidelines promote ethical business practices and our associates visit and monitor the operations of certain third-party vendors, we do not control these vendors or their practices. The violation of labor, environmental or other laws by our third-party vendors, used by us, or the divergence of a third-party vendor's or partner's labor or environmental practices from those generally accepted as ethical or appropriate, could interrupt or otherwise disrupt the shipment of finished products to us or damage our reputation.

These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Our results may be affected by fluctuations in freight, product input and energy costs, including those caused by inflation.

Product input costs, including freight, labor and raw materials, fluctuate. Fluctuations in the price and availability of freight, labor and raw materials may result in an increase in our production costs. Increases in the cost of mailing, paper, printing, shipping, shipping materials or other order fulfillment logistics will affect the cost of our order fulfillment and promotional mailings. Inflation can also have an adverse impact on us because increasing costs of materials and labor may adversely impact our profit margins, especially if we are not able to, or elect not to, pass these increases on to our customers. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Energy costs may fluctuate as a result of inflation and other factors, including the Ukraine/Russia conflict, geopolitical conflicts and related economic sanctions. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail stores and costs to purchase products from our manufacturers. A continual rise in energy costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Climate change and other sustainability-related matters, and related legal, regulatory and market responses to climate change, may adversely impact our business.

There is increasing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe, an increase in the frequency, severity and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. These events could adversely impact the cultivation of cotton, which is a key resource in the production of our products, disrupt the operation of our supply chain, increase our production costs, and impact the types of apparel products that consumers purchase. These events could also compound adverse economic conditions and impact consumer confidence and discretionary spending. As a result, the effects of climate change could have a material adverse effect on our results of operations, financial condition and cash flows.

In many countries, governmental bodies are considering or enacting new or additional legislation and regulations to reduce or mitigate the potential impacts of climate change. If we or our suppliers are required to comply with these laws and regulations, or if we choose to take voluntary steps to reduce or mitigate our impact on climate change, we may experience increases in energy, production, transportation and raw materials costs, capital expenditures, insurance premiums and deductibles, and compliance-related costs, which could adversely impact our results of operation. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate. Any failure on our part to comply with climate change-related regulations could lead to adverse consumer actions and investment decisions by investors, as well as expose us to government enforcement and private litigation.

Execution of sustainability-related strategies and achievement of sustainability-related goals is subject to risks and uncertainties, many of which are outside our control. If we announce sustainability-related goals and targets, there can be no assurance that our stakeholders will agree with our strategies, and any perception, whether or not valid, that we have failed to achieve, or to act responsibly with respect to such matters or to comply with new or additional legal or regulatory requirements regarding climate change and other sustainability-related matters could result in adverse publicity and adversely affect our business and reputation.

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Our ability to adequately protect our assets from loss and theft could have an adverse effect on our reputation, results of operations, financial condition and cash flows.

Our assets are subject to loss, including those caused by illegal or unethical conduct by associates, customers, vendors or unaffiliated third parties, natural disasters and organized retail theft. We have experienced events such as inventory shrinkage in the past, due to theft, and we cannot assure that incidences of loss and theft will decrease in the future or that the measures we are taking will effectively reduce these losses. Higher rates of loss or increased security costs to combat theft could have a material adverse effect on our results of operations, financial condition and cash flows.

We self-insure certain risks and may be impacted by unfavorable claims experience.

We are self-insured for various types of insurable risks including associate medical benefits, workers' compensation, property, general liability and automobile up to certain stop-loss limits. Claims are difficult to predict and may be volatile. Any adverse claims experience could have a material adverse effect on our results of operations, financial condition and cash flows.

We significantly rely on our and our third-party service providers' ability to implement and sustain information technology systems and to protect associated data and system availability.

Our success depends in part on the secure and uninterrupted performance of our and our third-party services providers' and vendors' information technology systems. Our information technology systems, as well as those of our service providers and vendors, are vulnerable to damage, interruption or breach from a variety of sources, including cyberattacks, ransomware attacks, telecommunication failures, malicious human acts and natural disasters. Moreover, despite maintaining comprehensive protective measures, some of our systems, e-commerce environments, servers and those of our service providers and vendors are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Such incidents could disrupt our operations, including our ability to timely ship and track product orders and project inventory requirements, and lead to interruptions or delays in our supply chain. Additionally, these types of problems could result in an actual or perceived breach of confidential customer, merchandise, financial, employee or other important information (including personal information), which could result in damage to our reputation, costly litigation, customer complaints, negative publicity, breach notification obligations, regulatory or administrative sanctions, inquiries, orders or investigations, indemnity obligations, damages for contract breach or penalties for violations of applicable laws or regulations. The increased use of artificial intelligence, smartphones, tablets and other mobile devices may also heighten these and other operational risks. Despite the precautions we have taken, unanticipated problems or events may nevertheless cause failures in, or unauthorized access to, our and our third-party services providers' and vendors' information technology systems. Sustained or repeated system disruptions that interrupt our ability to process orders and deliver products to the our customers and stores, impact our customers' ability to access our websites, in a timely manner, or expose confidential customer, information, merchandise, financial or other important information (including personal information) could have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, from time to time, we make hardware, software and code modifications and upgrades to our information technology systems for point-of-sale, e-commerce, mobile apps, applications, merchandising, planning, sourcing, logistics, inventory management and support systems including human resources and finance. Modifications involve replacing existing systems with successor systems, making changes to existing systems or acquiring new systems with new functionality. We are aware of inherent risks associated with replacing and modifying our information technology systems, including risks relative to cybersecurity, data integrity and system disruptions. Information technology system disruptions or data corruption, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations, financial condition and cash flows.

In addition to our own systems, networks and databases, we use third-party service providers to store, transmit and otherwise process certain of this information on our behalf, and our third-party service providers are subject to similar cybersecurity risks. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cybersecurity incident attributed to our service providers as they relate to the information we share with them or to which they are granted access. Although we generally contractually require these service providers to implement and maintain a standard of security (such as implementing reasonable measures), we cannot control third parties and cannot guarantee that a security breach will not occur in their systems.

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Any significant cybersecurity compromise or breach, of our data security, including the security of with respect to customer, associate, third-party or company information, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

In the operation of our business, we collect, use, transmit and otherwise process a large volume of personal and other confidential, proprietary and sensitive information. Information systems are susceptible to an increasing threat of continually evolving cybersecurity risks. Any significant cybersecurity compromise or breach, of our data security, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols, could significantly damage our reputation with our customers, associates, investors and other third parties, cause the disclosure of personal, confidential, proprietary or sensitive customer, associate, third-party or company information, cause interruptions to our operations and distraction to our management, cause our customers to stop shopping with us and result in significant legal, regulatory and financial liabilities and lost revenues.

While we train our associates and have implemented systems, processes and security measures to protect our physical facilities and information technology systems against unauthorized access and prevent data loss, there is no guarantee that these procedures are adequate to safeguard against all data security cybersecurity threats. Despite these measures, we may be vulnerable to targeted or random attacks on our systems that could lead to security breaches, phishing attacks, denial of service attacks, acts of vandalism, computer viruses, malware, ransomware, misplaced or lost data, programming and/or human errors or similar events. Our systems and facilities are also subject to compromise from internal threats, such as theft, misuse, unauthorized access or other improper actions by employees, third-party service providers and other third parties with otherwise legitimate access to our systems, website or facilities (which risks may be heightened as a result of work-from-home remote or hybrid work policies and technologies implemented in the wake of that have continued following the COVID-19 pandemic). Furthermore, because the methods of cyber-attack and deception change frequently, are increasingly complex and sophisticated, and can originate from a wide variety of sources, including nation-state actors, despite our reasonable efforts to ensure the integrity of our systems and website, websites, it is possible that we may not be able to anticipate, detect, appropriately react and respond to, or implement effective preventative measures against, all cybersecurity incidents.

We may be required to expend significant capital and other resources to protect against, respond to, and recover from any potential, attempted, existing or existing future cybersecurity incidents. As cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or and enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful, or may not be completed in a timely manner. The inability to implement, maintain and upgrade adequate safeguards could have a material adverse effect on our results of operations, financial condition and cash flows. Moreover, there could be public announcements regarding any cybersecurity incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have an adverse effect on the price of our common stock.

While we currently maintain cybersecurity insurance, such insurance may not be sufficient in type or amount to cover us against claims related to breaches, failures or other data security-related cybersecurity incidents, and we cannot be certain that cybersecurity insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows.

Changes in laws, regulations or technology platform rules relating to data privacy and security, or any actual or perceived failure by us to comply with such laws and regulations or related contractual or other obligations, relating to data privacy and security, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

We are, and may increasingly become, subject to various laws, directives, regulations and industry standards, and regulations, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The regulatory environment related to data privacy and security is increasingly rigorous, with new and constantly changing requirements applicable to our business, and enforcement practices are likely to remain uncertain for the foreseeable future. These Any failure by us to comply with such laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows.

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In the U.S., various federal and state regulators, including governmental agencies like the Consumer Financial Protection Bureau and the Federal Trade Commission, have adopted, or are considering adopting, laws and regulations concerning personal information and data security and have prioritized privacy and information security violations for enforcement actions. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. State laws are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted, which may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies.

We are also subject to international laws, regulations and standards in many jurisdictions, which apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. For information, for example, the E.U. General Data Protection Regulation ("GDPR"), which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. Recent legal developments in Europe have created further complexity and uncertainty regarding transfers of personal data from the European Economic Area and the United Kingdom to the United States.

All of these These evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training associates and engaging consultants, which are likely to increase over time, consultants. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Any failure or perceived failure by us to comply with any applicable federal, state or similar foreign laws and regulations relating to data privacy and security could result in damage to our reputation, and our relationship with our customers, as well as proceedings or litigation by governmental agencies or customers, including class action privacy litigation in certain jurisdictions, which could subject us to significant fines, sanctions, awards, penalties or judgments, any judgments. Any of which these risks could have a material adverse effect on our results of operations, financial condition and cash flows.

Shareholder activism could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price.

Shareholder activism, which can take many forms and arise in a variety of situations, could result in substantial costs and divert management's and our Board of Directors' attention and resources away from our business. Additionally, such shareholder activism could give rise to perceived uncertainties as to our future prospects, adversely affect our relationships with our associates, customers or service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant fees and other expenses related to activist shareholder matters, including for third-party advisors. Our results of operations and stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism.

We may be adversely impacted by our ability to comply with regulatory requirements.

We are subject to numerous legal and regulatory requirements. Our policies, procedures and internal controls are designed to comply with all applicable foreign and domestic laws and regulations, requirements, including those required by the Sarbanes-Oxley Act of 2002, the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K. Bribery Act, the SEC rules and the NYSE listing standards, among others. Although we have put in place policies, procedures and procedures internal controls aimed at ensuring legal compliance with applicable foreign and regulatory compliance, domestic laws and regulations, our associates, subcontractors, vendors, licensees, franchisees, joint venture partners, and other third parties could take actions that violate these laws and regulations. Any violations of such laws or regulations could have an adverse effect on our reputation, the market price of our common stock, and our results of operations, financial condition and cash flows.

It can be difficult to comply with sometimes conflicting regulations in local, national or foreign jurisdictions, as well as new or changing laws and regulations. Also, changes in such laws could make operating our business more expensive or require us to change the way we do business. For example, changes in product safety or other consumer protection laws could lead to increased costs for certain merchandise, or additional labor costs associated with readying merchandise for sale. It We may not be difficult for us to oversee successful in managing regulatory changes impacting our business, and our responses to changes in the law could be costly and may negatively impact our operations. In addition, future acquisitions of foreign companies or new foreign ventures and any joint ventures with foreign companies could potentially lead to risks related to, among other things, increased exposure to foreign exchange rate changes, government price control, repatriation of profits and liabilities related to the FCPA.

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We may be adversely impacted by certain compliance or legal matters.

We, along with third parties we do business with, are subject to complex compliance requirements and litigation risks. Actions Legal actions filed against us from time to time may include commercial, breach of contract, tort, intellectual property, customer, employment, wage and hour, data privacy, securities, anti-corruption and other claims, including purported class action lawsuits. The cost of defending against these types of claims or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business and results of operations. Further, potential claimants may be encouraged to bring suits based on a settlement from us or adverse court decisions against us. We cannot assess the likelihood that we will receive such claims or the outcome of any such claims, but if outcomes are negative, it could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers, employees, and stockholders, that could have a material adverse effect on our reputation, the market price of our common stock, and our results of operations, financial condition and cash flows.

We may be impacted by changes in taxation, trade and other regulatory requirements.

We are subject to income tax in local, **national federal** and **international foreign** jurisdictions. In addition, our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions. We are also subject to the examination of our tax returns and other tax matters by the IRS and other tax authorities and governmental bodies. **We plan to regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes.** There can be no assurance as to the outcome of these examinations. Fluctuations in tax rates and duties, changes in tax legislation or regulation or adverse outcomes of these examinations could have a material adverse effect on our results of operations, financial condition and cash flows.

There is increased uncertainty with respect to tax policy and trade relations between the U.S. and other countries, including as a result of any executive action taken or legislative priorities set by the **current Biden administration**. For example, the **Inflation Reduction Act of 2022**, **Organization for Economic Co-operation and Development ("OECD")** released an international tax framework for a global 15.0% minimum tax regime with effect beginning January 1, 2024. The Company will continue to monitor law changes and regulations in jurisdictions in which was signed into law in August 2022, imposes a non-deductible 1% excise tax on the fair market value of stock repurchases after December 31, 2022 that exceed \$1 million in a taxable year, which may impact the tax efficiency of our share repurchase program. **we operate.** We also continue to monitor the geopolitical tensions between the U.S. and China as both countries have imposed tariffs on the importation of certain product categories into the respective country, with limited progress in negotiations to reduce or remove the tariffs. **country.** Major developments in tax policy or trade relations, such as the imposition of unilateral tariffs on imported products, could have a material adverse effect on our results of operations, financial condition and cash flows.

Risks Relating to Our Indebtedness

We have debt obligations that could restrict our business and adversely impact our results of operations, financial condition and cash flows.

In connection with the Separation, we entered into a \$400 million term loan facility and \$750 million senior secured asset-based revolving credit facility and issued \$600 million of senior notes, the proceeds of which we used to make the approximately \$976 million cash payment to our Former Parent and to pay related fees and expenses. The debt agreements contain certain affirmative and negative covenants, including maintenance of a consolidated coverage ratio, a consolidated total leverage ratio, a fixed charge coverage ratio, and a debt to earnings before interest, income taxes, depreciation, amortization and rent ratio. If we fail to comply with any covenants, the lenders may terminate their obligation to make advances to us and declare any outstanding obligations immediately due and payable. **This** If our cash flow from operations declines, we may be unable to service or refinance our debt. Further, amounts borrowed under our term loan facility and senior secured asset-based revolving credit facility are subject to variable interest rates. Consequently, the current high interest rate environment results in higher borrowing costs for us and may limit our ability to refinance existing debt **obligation** or obtain additional debt on favorable terms or at all.

Our debt obligations could restrict our future business strategies and **could adversely impact our results of operations, financial condition and cash flows.** This level of debt could have significant consequences on our future operations, including:

- Making it more difficult for us to meet our payment and other obligations under our outstanding debt;
- Resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which could result in all of our debt becoming immediately due and payable;
- Reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- Limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- Placing us at a competitive disadvantage compared to any of our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have a material adverse effect on our business, financial condition and results of operations. **In addition, if our cash flow from operations declines, we may be unable to service or refinance our debt.**

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We may also incur substantial additional indebtedness in the future. Any future indenture or credit agreements that we may enter into may include restrictive covenants that **subject to certain exceptions and qualifications**, **restrict or limit our ability and the ability of our restricted subsidiaries** to, among other things, incur additional indebtedness, pay dividends, make certain investments, sell certain assets and enter into certain strategic transactions, including mergers and acquisitions. These covenants and restrictions could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise.

Our ability to maintain our credit rating could affect our ability to access capital and could increase our interest expense.

Any downgrades in our credit ratings by the major independent rating agencies could increase the cost of borrowing under any indebtedness we may incur. There can be no assurance that we will be able to maintain our credit ratings, and any actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

Risks Relating to Our Common Stock

The price of our common stock has fluctuated significantly and may continue to fluctuate significantly.

The market price of our common stock has fluctuated significantly since the Separation, and may continue to fluctuate significantly due to a number of factors, many of which are beyond our control, including:

- Fluctuations in our quarterly or annual earnings results or those of other companies in our industry;
- Failures of our operating results to meet the estimates of securities analysts or the expectations of our stockholders, or changes by securities analysts in their estimates of our future earnings;

- Announcements by us or our **customers**, partners, suppliers or competitors;
- Changes in market valuations or earnings of other companies in our industry;
- Changes in laws or regulations which adversely affect our industry or us;
- General economic, industry and stock market conditions;
- Future significant sales of our common stock by our stockholders or the perception in the market of such sales;
- Future issuances of our common stock by us; and
- The other factors described in these "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent stockholders from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our common stock may also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Provisions in our amended Certificate of Incorporation and restated certificate of incorporation and amended and restated bylaws Bylaws and certain provisions of Delaware law could delay or prevent a change in control of the Company.

The existence of certain provisions of our amended and restated certificate of incorporation ("Certificate of Incorporation") and second amended and restated bylaws ("Bylaws") and Delaware law could discourage, delay or prevent a change in control of the Company that a **stockholder** stockholders may consider favorable. These include provisions:

- Providing the right to our Board of Directors to issue one or more classes or series of preferred stock without stockholder approval;
- Authorizing a large number of shares of common stock that are not yet issued, which would allow our Board of Directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us;
- Prohibiting stockholders from taking action by written consent; and

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- Establishing advance notice and other requirements for nominations of candidates for election to our Board of Directors or for proposing matters that can be acted on by stockholders at our annual stockholder meetings.

We believe these provisions **will** protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in our and our stockholders' best interests.

Our amended and restated bylaws Bylaws designate Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us and affect the market price of our common stock.

Pursuant to our **amended and restated bylaws** Bylaws, unless we consent in writing to the selection of an alternative forum, a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our directors or officers or other employees or agents to us or to our stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty; (iii) any action asserting a claim against us or any of our directors or officers or other employees or agents arising pursuant to any provision of the Delaware General Corporation Law or our **Certificate of Incorporation** or **Bylaws**; (iv) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the Delaware General Corporation Law. These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions, however, will not apply to actions asserting only federal law claims under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, regardless of whether the state courts in the State of Delaware have jurisdiction over those claims. The forum selection clause in our **amended and restated bylaws** Bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us, result in increased costs for investors to bring a claim and affect the market price of our common stock.

Your percentage ownership in the Company may be diluted in the future.

During the two-year period following the Separation, we are limited under the Tax Matters Agreement in our ability to sell or otherwise issue our common stock, but in the future **your** Your percentage ownership in the Company may be diluted due to **issuances of equity** **issuances** by us for acquisitions, strategic investments, capital market transactions or otherwise, including equity awards that we may grant to our directors, officers, employees and other service providers. From time to time, we may grant **additional** equity awards to our employees under our employee compensation and benefits plans. These awards would have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

In addition, our **amended and restated certificate** **Certificate of Incorporation** authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, powers, preferences and relative, participating, optional and other rights, and such qualifications, limitations or restrictions as our

Board of Directors may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant holders of preferred stock the right to elect some number of our directors or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend, distribution or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock.

Our common stock is and will be subordinate to all of our current and future indebtedness and any preferred stock, and effectively subordinate to all indebtedness and preferred equity claims against our subsidiaries.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all our current and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any class or series of preferred stock that our Board of Directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors and preferred stockholders.

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Risks Relating to the Separation

We may not realize the anticipated benefits from the Separation, and the Separation could harm our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the Separation, or such benefits may be delayed or not occur at all. The Separation is expected to enhance strategic and management focus and allow us to more efficiently and effectively allocate resources and deploy capital. **We may not achieve these and other anticipated benefits for a variety of reasons, including, among others:**

- The Separation requires significant amounts of management's time and effort, which may divert management's attention from operating and growing our business;
- We may be more susceptible to economic downturns and other adverse events than if we were still a part of our Former Parent;
- The Separation may increase the overall cost of debt funding and decrease the overall debt capacity and commercial credit available to us;
- Following the Separation, our business is less diversified than our Former Parent's business prior to the Separation;
- Our business will experience a loss of scale and access to certain financial, managerial and professional resources from which we have benefited in the past; and
- The other actions required to separate the respective businesses could disrupt our operations.

If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, our business could be harmed.

Our historical combined pro forma financial information for periods Further, following the Separation, our business is less diversified and has less scale than our Former Parent's business prior to the Separation is not necessarily representative of the results that we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

Our historical combined financial information for periods prior to the Separation included in this Annual Report on Form 10-K was derived from our Former Parent's consolidated financial statements and accounting records and are not necessarily indicative of our future results of operations, financial condition or cash flows, nor do they reflect what our results of operations, financial condition or cash flows would have been as an independent public company during the periods presented.

Our Former Parent continues to perform functions for us, and we continue to perform functions for our Former Parent, on a transitional basis, and as a result we may experience operational disruptions and incur significant costs to perform these functions ourselves following the transition period or be subject to claims and liability.

Prior to the Separation, our Former Parent performed many important corporate functions for us, including information technology, shared services, insurance, logistics, human resources, finance and internal audit. In connection with the Separation, we entered into certain arrangements with our Former Parent pursuant to which we and our Former Parent continue to provide to each other, on an ongoing basis, certain functions and services that the companies have historically shared. Our Former Parent may not successfully execute its obligations to us under these arrangements, and any interruption in the functions or services that are provided to us by our Former Parent pursuant to these arrangements could have a material adverse effect on our business, results of operations, financial condition and cash flows. Our Former Parent may also allege that we have failed to perform our obligations to it under these arrangements, which may subject us to claims and liability. In addition, performing our obligations to our Former Parent under these arrangements may also require significant time and resources, and may divert management's attention from the operation of our business.

In addition, at the end of this transition period, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf. The costs associated with performing or outsourcing these functions may exceed the amounts reflected in our historical combined financial statements that were incurred as a business segment of our Former Parent. We expect to continue to incur costs to establish the necessary infrastructure and create the systems and services to replace certain of the systems and services that our Former Parent historically provided to us. However, we may not be successful in implementing these systems and services in a timely manner or at all, and we may incur additional costs in connection with, or following, the implementation of these systems and services. A significant increase in the costs of performing or outsourcing these functions could materially and adversely affect our business, results of operations, financial condition and cash flows. **Separation.**

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Furthermore, we **We** may experience certain operational disruptions in connection with the Separation as we transition to operating as an independent public company, including information technology disruptions as certain data, software, **information technology hardware** and other information technology assets and systems are transitioned or re-allocated between us and our Former Parent, or as we implement new systems or upgrades in connection with such transition. In addition, the efforts related to the separation of the information technology environment require significant resources that could impact our ability to keep pace with ongoing advancement of the information technology needs of the business. Our ability to effectively manage and operate our business depends significantly on information technology systems, and any failure, disruption, interruption, malfunction or other issue with respect to such systems could have a material adverse effect on our business and results of operations.

In connection with the Separation, our Former Parent **has agreed to indemnify us for certain liabilities, and we agreed to indemnify it for certain liabilities. If we are required to act under these indemnities to our Former Parent, we may need to divert cash to meet those obligations, which could adversely affect our financial results. Moreover, the indemnity to**

our Former Parent may not be sufficient to insure us against the full amount of liabilities for which our Former Parent has retained responsibility, and our Former Parent may not be able to satisfy its indemnification obligations to us in the future.

Pursuant to the Separation and Distribution Agreement and other agreements with our Former Parent, our Former Parent agreed to indemnify us for certain liabilities, and we agreed to indemnify it for certain liabilities. Payments that we may be required to provide under indemnities to our Former Parent are not subject to any cap, may be significant and could negatively affect our business, particularly under indemnities relating to our actions that could affect the tax-free nature of the Separation. Third parties could also seek to hold us responsible for the liabilities that our Former Parent has agreed to retain, and under certain circumstances, we may be subject to continuing contingent liabilities of our Former Parent following the Separation that arise relating to the operations of our business during the time that it was a business segment of our Former Parent prior to the Separation, such as certain tax liabilities which relate to periods during which our taxes were reported as a part of our Former Parent; certain liabilities retained by our Former Parent which relate to contracts or other obligations entered into jointly by our business and our Former Parent's retained business; certain environmental liabilities related to sites at which both we and our Former Parent operated; and certain liabilities arising from third-party claims in respect of contracts in which both we and our Former Parent supply goods or provide services.

Our Former Parent has agreed to indemnify us for such contingent liabilities. While we have no reason to expect that our Former Parent will not be able to support its indemnification obligations to us, we can provide no assurance that our Former Parent will be able to fully satisfy its indemnification obligations or that such indemnity obligations will be sufficient to cover our liabilities for matters which it has agreed to retain, including such contingent liabilities. Moreover, even if we ultimately succeed in recovering from our Former Parent any amounts for which we are indemnified, we may be temporarily required to bear these losses ourselves. Each of these risks could have a material adverse effect on our business, results of operations and financial condition.

Some of our directors and officers may have actual or potential conflicts of interest because of their equity ownership in our Former Parent.

Because of their former positions with our Former Parent, some of our directors and executive officers own shares of common stock of our Former Parent or have options to acquire shares of such common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. This ownership may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for our Former Parent or us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between our Former Parent and us regarding the terms of the agreements governing the Separation and the relationship thereafter between the companies.

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If the Separation, together with certain related transactions, do not qualify as transactions that are tax-free for U.S. federal income tax purposes or non-U.S. tax purposes as a result of a breach by us of any covenant or representation made by us in the Tax Matters Agreement (as defined below), we could be subject to significant liability.

It is intended that the Separation, together with certain related transactions, will qualify as a generally tax-free "reorganization" within the meaning of Section 368(a)(1)(D) of the Internal Revenue Code (the "Code") and a generally tax-free distribution within the meaning of Section 355 of the Code. The consummation of the Separation and the related transactions was conditioned upon the receipt of an opinion of certain of our tax advisers to the effect that such transactions will qualify for this intended tax treatment. In addition, it is intended that the Separation transaction generally will qualify as a series of transactions that are tax-free for U.S. federal income tax and applicable non-U.S. tax purposes. The opinion relies on certain representations, assumptions and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such representations, assumptions and undertakings were incorrect. Notwithstanding the opinion, the Internal Revenue Service ("IRS") could determine that the Separation should be treated as a taxable transaction for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings that were relied on for the opinion are false or have been violated, if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of significant changes in the stock ownership of our Former Parent or us after the Separation.

If the Separation or related transactions fail to qualify for tax-free treatment due to a breach by us (or any of our subsidiaries) of any covenant or representation made by us in the Tax Matters Agreement between us and our Former Parent (the "Tax Matters Agreement"), we generally will be required to indemnify our Former Parent for all tax-related losses suffered by it. In addition, we will not control the resolution of any tax contest relating to taxes suffered by our Former Parent in connection with the Separation, and we may not control the resolution of tax contests relating to any other taxes for which we may ultimately have an indemnity obligation under the Tax Matters Agreement. In the event that our Former Parent suffers tax-related losses in connection with the Separation that must be indemnified by us under the Tax Matters Agreement, the indemnification liability could have a material adverse effect on us.

If the Separation fails to qualify for tax-free treatment, for any reason, the Former Parent and/or holders of the Former Parent's common stock would be subject to substantial U.S. and/or applicable non-U.S. taxes as a result of the Separation and certain related transactions, and we could incur significant liabilities under applicable law or as a result of the Tax Matters Agreement.

We are subject to significant restrictions on our actions in order to avoid triggering significant tax-related liabilities.

The Tax Matters Agreement generally prohibits us from taking certain actions that could cause the Separation and certain related transactions to fail to qualify as tax-free transactions, including:

- During the two-year period following the date of the Separation (or otherwise pursuant to a "plan" within the meaning of Section 355(e) of the Code), we may not cause or permit certain business combinations or transactions to occur;
- During the two-year period following the date of the Separation, we may not discontinue the active conduct of our business (within the meaning of Section 355(b)(2) of the Code);
- During the two-year period following the date of the Separation, we may not sell or otherwise issue our common stock, other than pursuant to issuances that satisfy certain regulatory safe harbors set forth in Treasury regulations related to stock issued to employees and retirement plans;
- During the two-year period following the date of the Separation, we may not redeem or otherwise acquire any of our common stock, other than pursuant to open-market repurchases of less than 20% of our outstanding common stock (in the aggregate);
- During the two-year period following the date of the Separation, we may not amend our certificate of incorporation (or other organizational documents) or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of our common stock; and

- More generally, we may not take any action that could reasonably be expected to cause the Separation and certain related transactions to fail to qualify as tax-free transactions for U.S. federal income tax purposes or for non-U.S. tax purposes.

If we take any of the actions above and such actions result in tax-related losses to our Former Parent, we generally will be required to indemnify it for such tax-related losses under the Tax Matters Agreement. Due to these restrictions and indemnification obligations under the Tax Matters Agreement, we may be limited in our ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in our best interests. Also, our potential indemnity obligation to our Former Parent might discourage, delay or prevent a change of control that our stockholders may consider favorable.

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ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

As a publicly traded company, we recognize the critical importance of effective cybersecurity risk management to safeguard our operations, protect sensitive information and ensure the trust of our customers and stakeholders.

Risk Management & Strategy

We maintain a robust cybersecurity risk management program designed to assess, identify and manage material risks from cybersecurity threats, which encompasses the following key components.

Risk Assessment

We regularly conduct comprehensive cybersecurity risk assessments to identify vulnerabilities, threats and potential impacts on our business operations and stakeholders. We actively monitor and gather threat intelligence to stay informed about emerging cyber threats and vulnerabilities relevant to our industry and operations. We engage independent third-party assessors for periodic cybersecurity program assessments against industry accepted frameworks and to perform technical penetration assessments. We assess ourselves against the Center for Internet Security Top 18 controls framework, the National Institute of Standards and Technology Cybersecurity Framework, the Payment Card Industry Data Security Standard and management defined technology controls to support our internal controls over financial reporting.

Incident Detection and Response

We have established procedures for monitoring network activities, detecting anomalies and responding to cybersecurity incidents promptly. We engage a specialized managed services firm to provide continuous monitoring and an initial level of incident response. We work with a leading cyber forensics firm to provide incident response services as needed. Our incident response and escalation procedures are documented to classify incidents according to defined thresholds. Our core incident response and extended incident response teams are cross-functional and include leaders across technology, legal, finance, asset protection, customer care, human resources, stores operations and communications. Protocols to notify our executive leadership team and Board of Directors are in place based on the severity of the incident.

Third-party Risk

In addition to our own systems, we use third-party service providers to store, transmit and process information on our behalf. Third-party risk management is embedded in our cybersecurity risk management function. We leverage an independent cybersecurity assessment exchange service to gather information and provide real-time threat monitoring of our most critical third parties. We review relevant cybersecurity assessment reports and certifications from our third parties. Our standard contract terms also require third parties to maintain a standard level of security and controls.

Governance

Our cybersecurity risk management processes are integrated into our overall enterprise risk management system. Our Board of Directors (the "Board") understands the critical nature of managing risks associated with cybersecurity threats. The Board has established robust oversight mechanisms to provide effective oversight of risks associated with cybersecurity.

Board of Directors Oversight

The Audit Committee has been delegated the primary responsibility for the Board's oversight of cybersecurity risks. Executive summaries of our internal risk assessments, program initiatives, regulatory compliance and incident summaries are shared with our Audit Committee on a semi-annual basis, with additional updates as needed. Our third-party assessment and audit results, which are performed on an annual basis, and associated remediation plans are also shared with our Audit Committee. Additionally, our Internal Audit function independently conducts periodic reviews of our cybersecurity controls and reports the results of those reviews to the Audit Committee. The Audit Committee reports to the Board on cybersecurity risk oversight at least annually.

Management's Role in Managing Cybersecurity Risk

Our Chief Information Security Officer ("CISO") has primary responsibility for assessing, monitoring, and managing our cybersecurity risks. Our CISO has over 25 years of security experience in executive leadership, operations, incident response, and consulting in various industries including retail, technology and healthcare, as well as support of Federal government agencies and intelligence. Our CISO reports to our Chief Information Officer ("CIO"), who is also responsible for overseeing cybersecurity risks and communicating with the Board and Audit Committee.

We have a structured process to identify and oversee material cybersecurity risks. We maintain a robust set of cybersecurity policies that set the standards and expectations for our associates, contractors and vendors to follow. We report cybersecurity metrics quarterly to our technology leadership, including our CIO and CISO, and our Enterprise Risk Management team. We have an Executive Risk Council, comprised of executive leadership across the business, which is briefed quarterly on the latest cybersecurity threats impacting our business, and the progress of recent and ongoing cybersecurity program efforts, incidents and risk assessments. The Executive Risk Council provides input as needed to strengthen our cybersecurity controls and risk management.

We do not believe that any risks we have identified from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition. For additional information regarding cybersecurity risks we are subject to, refer to "Item 1A. Risk Factors" in this Annual Report on Form 10-K.

ITEM 2. PROPERTIES.

The following table provides the location, use and size of our distribution, corporate and product development facilities as of **January 28, 2023** **February 3, 2024**:

Location	Use	Approximate Square Footage
Columbus, Ohio area	Distribution, shipping and corporate offices	2,945,000
New York	Office, sourcing and product development/design	235,000 234,000
Mexico	Distribution and shipping	185,000
New Jersey	Distribution and shipping	126,000
Kettering, Ohio	Call center	94,000
Hong Kong	Office and sourcing	55,000 38,000
Various other locations	Office and sourcing	211,000 216,000

United States

Within the U.S., our business is principally conducted from office, distribution and shipping facilities located in the Columbus, Ohio, area. Additional facilities are located in New York, New Jersey and Kettering, Ohio.

Our distribution and shipping facilities in the U.S. consist of three buildings located in the Columbus, Ohio, area and one leased building located in New Jersey. These buildings, including attached office space, comprise approximately 3.1 million square feet. The lease on the New Jersey facility expires in **2023** **2028**.

As of **January 28, 2023** **February 3, 2024**, we operated **818** **814** retail stores located in leased facilities, primarily in malls and shopping centers, throughout the U.S. A substantial portion of these lease commitments consists of store leases generally with an initial term of 10 years. The store leases expire at various dates between **2023** **2024** and 2036.

Typically, when space is leased for a retail store in a mall or shopping center, we supply all improvements, including interior walls, floors, ceilings, fixtures and decorations. The cost of improvements varies widely, depending on the design, size and location of the store. In certain cases, the landlord of the property may provide an allowance to fund all or a portion of the cost of improvements, serving as a lease incentive. Rental terms for new locations usually include a fixed minimum rent plus a percentage of sales in excess of a specified amount. We usually pay certain operating costs such as common area maintenance, utilities, insurance and taxes. For additional information, see Note 9 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

International

Mexico

We lease an international distribution and shipping facility located in Mexico. This facility comprises approximately 0.2 million square feet. The lease for this facility expires in 2026.

China

We lease offices in Shanghai, Shenzhen and Hong Kong within China. As of **January 28, 2023** **February 3, 2024**, we operated **59** **57** retail stores in leased facilities in China. These lease commitments consist of store leases with initial terms ranging from 3 to 15 years expiring on various dates between **2023** **2024** and 2032.

Canada

As of **January 28, 2023** **February 3, 2024**, we operated **25** **23** retail stores located in leased facilities, primarily in malls and shopping centers, throughout the Canadian provinces. These lease commitments consist of store leases with initial terms of 5 to 10 years expiring on various dates between **2023** **2024** and **2030** **2035**.

United Kingdom / Ireland

As a result of our joint venture with Next PLC, we no longer operate any stores in the United Kingdom ("U.K.") or Ireland. However, as of **January 28, 2023** **February 3, 2024**, we continue to lease a store in the U.K., with a lease expiration in **2025** **2024**, and a store in Ireland, with a lease expiration in **2037** **2036**, which are sublet to and operated by the joint venture.

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Other International

As of **January 28, 2023** **February 3, 2024**, we also have global representation through stores operated by our partners:

- **321** **320** beauty and accessories stores in **64** **58** countries; and
- **135** **156** full assortment stores in **35** **36** countries.

We also operate technology and sourcing-related office facilities in various international locations.

ITEM 3. LEGAL PROCEEDINGS.

We are a defendant in a variety of lawsuits arising in the ordinary course of business. Actions filed against us from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities and other claims, including purported class action lawsuits. Although it is not possible to predict with certainty the eventual outcome of any litigation, in the opinion of management, our current legal proceedings are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is listed on the NYSE under the stock symbol "VSCO." We began to trade as a standalone public company on August 3, 2021. There was no public trading market for our common stock before August 3, 2021. As of **January 28, 2023** **February 3, 2024**, there were approximately 25,000 stockholders of record of our common stock.

However, including This number does not include beneficial or "street name" holders of our common stock whose shares are held by banks, brokers and other financial institutions which are aggregated into a single holder of record. Including active associates who participate in our stock purchase plan, associates who own shares through our sponsored retirement plans and others holding shares in broker accounts under street names, we estimate our stockholder base to be approximately **141,000, 112,000**.

We have not paid any cash dividends since the Separation. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends. The declaration and amount of any dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, cash flows, capital requirements of our business, covenants associated with our debt obligations, legal requirements, regulatory constraints, industry practice and any other factors the Board of Directors deems relevant.

The following graph shows the **yearly** changes, for the period from August 3, 2021 (the first day **we** **our common stock** began trading on the NYSE) to **January 28, 2023** **February 3, 2024**, in the value of \$100 invested in our common stock compared to the Standard & Poor's ("S&P") 500 Composite Stock Price Index ("S&P 500 Index") and the S&P 500 Consumer Discretionary Distribution & Retail Index, formerly known as the S&P 500 Retail Composite Index.

COMPARISON OF 18-MONTH YEARLY CHANGES IN CUMULATIVE TOTAL RETURN (a)

AMONG VICTORIA'S SECRET & CO., THE S&P 500 INDEX AND THE S&P 500 CONSUMER DISCRETIONARY DISTRIBUTION & RETAIL COMPOSITE INDEX



(a) This table represents \$100 invested in stock or in index at the closing price on August 3, 2021, including reinvestment of dividends.

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The following table provides our repurchases of our common stock during the fourth quarter of **2022**; **2023**:

Period	Total			Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares that May yet be Purchased Under the Programs (c)		
	Number of Shares Purchased (a)	Average Price Paid per Share (b)					
		(in thousands)	(in thousands)				
November 2022	15	\$ 38.96		—	\$ 36,106		
December 2022	476	43.80		469	15,526		
January 2023	431	37.91		412	250,000		
Total	922			881			

Period	Total Number of Shares			
	Number of Shares Purchased (a)	Purchased as		Maximum Number (or Approximate Dollar Value) of Shares that May yet be Purchased Under the Plans or Programs (c)
		Average Price Paid per Share (b)	Part of Publicly Announced Plans or Programs	
	(in thousands)	(in thousands)	(in thousands)	
October 29, 2023 - November 25, 2023 ("November 2023")	6	\$ 17.77	—	\$ 125,000
November 26, 2023 - December 30, 2023 ("December 2023")	25	25.67	—	125,000
December 31, 2023 - February 3, 2024 ("January 2024")	22	24.99	—	—
Total	53		—	

- (a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares repurchased in connection with tax withholding payments due upon vesting of employee restricted stock awards and the use of our common stock to pay the exercise price on employee stock options.
- (b) The average price paid per share includes any broker commissions.
- (c) The share repurchase program announced in March 2022 on January 11, 2023 (the "March 2022 January 2023 Share Repurchase Program") authorized the purchase of up to \$250 million of our common stock, in open market transactions, subject to market conditions and other factors. The March 2022 Share Repurchase Program was completed in fiscal year 2022. The share repurchase program announced in January 2023 (the "January 2023 Share Repurchase Program") authorizes the purchase of up to \$250 million of our common stock in open market transactions, subject to market conditions and other factors. The January 2023 Share Repurchase Program will continue until exhausted, but no later than expired at the end of fiscal year 2023. No purchases were made under the January 2023 Share Repurchase Program in fiscal year 2022. For additional share repurchase program information, see Note 18 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

ITEM 6. RESERVED.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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 Annual Report on Form 10-K or made by us, our management, or our spokespersons 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," "will," "target," "goal," "project," "plan," "believe," "seek," "strive," "expect," "anticipate," "intend," "continue," "potential" and any similar expressions may be intended to identify forward-looking statements. Risks associated with the following factors, among others, could affect our results of operations and financial performance and cause actual results to differ materially from those expressed or implied in any forward-looking statements:

- the spin-off from our Former Parent 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 from our Former Parent;
- general economic conditions, inflation and changes in consumer confidence and consumer spending patterns and 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;
- the novel coronavirus (COVID-19) global pandemic has had and may continue our ability to have an adverse effect on successfully implement our business and results of operations; strategic plan;
- 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 to our stores and the availability of suitable store locations on appropriate satisfactory terms;
- our ability to successfully operate and expand internationally and related risks;

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- the operations and performance of our independent franchise, license, wholesale, franchisees, licensees, wholesalers, and joint venture partners;
- our ability to successfully operate and grow our direct channel business;
- our ability to protect our reputation and the image and value 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 remain current with fashion trends, and develop new merchandise and launch new merchandise, product lines and brands successfully;
- our ability to realize the potential benefits and synergies sought with the acquisition of Adore Me;
- our ability to incorporate artificial intelligence into our business operations successfully and ethically while managing associated risks;
- our ability to source materials and produce, distribute and sell goods and materials merchandise on a global basis, including risks related to:
 - political instability and geopolitical conflicts;

- environmental hazards **or and** natural disasters;
- significant health hazards **or and** 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 production** and distribution facilities in central Ohio and Southeast Asia;
- the ability of our vendors to **manufacture and** 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; costs;**
- 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 Annual Report on Form 10-K to reflect circumstances existing after the date of this report 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 this Annual Report on Form 10-K.

The following discussion and analysis of financial condition and results of operations are based upon our Consolidated and Combined Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Accounting Standards Codification ("ASC"). The following information should be read in conjunction with our financial statements and the related notes included in Item 8. Financial Statements and Supplementary Data.

Our operating results are generally impacted by economic changes and, therefore, we monitor the retail environment using, among other things, certain key industry performance indicators including competitor performance and mall traffic data. These can provide insight into consumer spending patterns and shopping behavior in the current retail environment and assist us in assessing our performance as well as the potential impact of industry trends on our future operating results. Additionally, we evaluate a number of key performance indicators including comparable sales, gross profit, operating income and other performance metrics such as sales per average selling square foot and inventory per selling square foot in assessing our performance.

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Executive Overview

Victoria's Secret & Co. is an iconic global brand of women's intimate and other apparel, personal care and beauty products. We sell our products through three brands, Victoria's Secret, PINK and Adore Me. Victoria's Secret is a **category-defining market leading** global lingerie brand with a **leading market position** and a rich, over 45-year history of serving women across the globe. PINK is a **fashion and lifestyle brand for the collegiate-oriented customer, young women** built around a strong intimates core. We also sell beauty products under both the Victoria's Secret and PINK brands. Adore Me is a technology-led, digital first innovative intimates brand serving women of all sizes and budgets at all phases of life. Together, Victoria's Secret, PINK **Victoria's Secret Beauty** and Adore Me **support, inspire** strive to provide the best products to help women express their confidence, sexiness and celebrate women through every phase **power and use our platform to create connection and community while celebrating the extraordinary diversity of their life, women's experiences.**

Victoria's Secret, PINK and Adore Me merchandise is sold online through e-commerce platforms, through retail stores located in the U.S., Canada and China, and through international stores and websites operated by partners under franchise, license, wholesale and joint venture arrangements. We have a presence in **approximately nearly 70** countries and we believe we benefit from global brand awareness, a wide and compelling product assortment and a powerful, deep connection with our customers.

We are committed to optimizing our performance by focusing on what is within our control, and we are confident in our strategic **growth plan direction** and remain committed to delivering long-term sustainable value for our stockholders.

Impacts of Macroeconomic Environment

Our operations and financial performance have been adversely impacted by deterioration in economic conditions in the United States and globally, which were caused in part by the COVID-19 pandemic. The current macroeconomic environment is characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets and growing recession risk. Such macroeconomic conditions have and could continue to adversely affect our business, for example, by reducing consumer demand for our products and leading to decreased sales.

Information Technology Financial Impacts of the Separation Adore Me Acquisition

Subsequent We consolidate Adore Me's financial information on an approximate one-month reporting lag. Accordingly, given the acquisition closing date of December 30, 2022, the operating results of Adore Me for the period subsequent to the **completion** acquisition date are recorded in our results beginning in 2023.

In 2023, we recognized the financial impact of purchase accounting items and additional acquisition-related costs, including recognition in gross profit of the **Separation, we have provided technology services** fair value adjustment to acquired inventories as it is sold, recognition of changes in the estimated fair value of contingent consideration and systems to our Former Parent under the transition services agreements while two independent **Contingent Compensation Payments**, as well as amortization of acquired intangible assets. For **additional** information, **technology platforms** are being created in support of two independent companies. We have incurred, and expect to continue to incur, costs consisting of internal and external labor, software licensing, networking, security and infrastructure required to separate the current information technology capabilities (systems and

infrastructure) in support of two independent companies. We currently estimate that our total incremental expenditures will be at the lower end of our previous estimate of \$100 million to \$150 million over the transition period, with the majority of costs being incurred by the end of 2023, which is when the separation of our technology systems is expected to be predominately completed. Such estimates are subject to change as our work continues, see Note 2, "Acquisition."

Basis of Presentation

Our financial statements for periods through the Separation date of August 2, 2021 are combined financial statements prepared on a "carve-out" basis, which reflects the business as historically managed within the Former Parent. The balance sheets and cash flows for the periods prior to the Separation include only those assets and liabilities directly related to the Victoria's Secret business, and the statements of income (loss) include the historically reported results of the Victoria's Secret business along with allocations of a portion of the Former Parent's total corporate expenses. Our financial statements for the period from August 3, 2021 through January 28, 2023 February 3, 2024 are consolidated financial statements based on our reported results as a standalone company. For additional information on the "carve-out" basis of accounting, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies."

Growth Strategies

Our goal is to be the world's leading fashion retailer of intimate apparel. Our strategic growth plan direction is guided by our three key pillars: priorities: 1) strengthening accelerating our core; 2) igniting growth; and 3) transforming the foundation of our company. We are evolving the positioning of Victoria's Secret and PINK to drive profitable growth and are focused on strengthening accelerating the core of our business by leading with a customer-first approach and rewarding customer loyalty, advancing technology to improve and expand enhance the customer experience, delivering best-in-class products across all categories and focusing on being "best at bras". We will focus on igniting growth through maintaining an innovative product pipeline, evolving our store fleet of the future, and through channel expansion and international growth within existing and new markets. We continue to take actions to transform the foundation of our company by making foundational changes to modernize and make our operating model more efficient to help us deliver long-term sustainable value for our shareholders. stockholders.

We have a multi-year goal to increase sales and operating income by focusing on these key business priorities:

- Invest in our brands, business and new opportunities to drive growth;
- Continue optimizing the customer experience through elevated and profitable company-operated stores;
- Drive penetration and growth in our digital channel and provide an enhanced omni-channel experience; and

• Expand our international business.

The following is a discussion regarding certain of our key business priorities.

Invest in our Brands, Business and New Opportunities to Drive Growth

We continue to make significant investments in our iconic brands, our physical and digital business channels, our customer experience and our organizational capabilities in order to support the continued growth of our business. We believe our success is significantly enabled by frequent and innovative product launches, which include bra launches and new beauty fragrances. We are making targeted investments in technology related to our strategic initiatives to drive growth, including our new Victoria's Secret and PINK customer loyalty program, and to maintain our high digital penetration and to expand the omni-channel offering for our customers. We are also working to increase our distribution capacity and efficiency in order to make decisions close to market, deliver orders to customers more quickly and provide the best and widest assortment across product categories and sizes across all channels. Our management team is committed to a diverse and inclusive corporate culture and we have a world class team to support the execution of our growth strategies. Additionally, we will continue to search for new growth opportunities, including new brands we may develop as well as partnerships with existing brands that help us attract new customers and better meet the needs of existing ones.

Continue Optimizing the Customer Experience through Elevated and Profitable Company-Operated Stores

We believe we can further optimize our existing base of stores within North America to continue to deliver an elevated retail experience and to meet our customers' evolving channel preferences. We believe our stores channel is important to engaging with existing and new customers and, accordingly, see it as a key part of our strategy and focus to provide flexibility and convenience to our customers through omni-channel capabilities. We are investing in our stores through refreshing existing stores and expanding our store of the future concept that will include smaller, more flexible space in off-mall locations with a unique dual-brand layout to meet the needs of our customer and accommodate shifting consumer preferences for omni-channel shopping. We also continue to focus on appropriate space allocation within the store and right-sizing the overall size of the North American stores, which we believe will lead to sales transference to other stores and our digital channel. In addition to our initiatives related to our physical stores, we plan to continue to invest in store talent and labor optimization. These initiatives are designed to increase productivity in our stores measured through improved sales per selling square foot, as well as overall store profitability.

Drive Penetration and Growth in our Digital Channel and Provide an Enhanced Omni-Channel Experience

Investing in our digital channel continues to be a key priority and we believe that our global brands and our scaled retail footprint in North America is a unique platform to grow our digital business. Omni-channel initiatives including buy online pick-up in store, and an increased focus on mobile and application interactions will continue to provide flexibility and convenience to our customers. Our shopping and services initiatives are aimed at modernizing the customer's digital shopping experience through features like digital selling guides, virtual try-on, digital appointments, improved checkout performance and alternative payment options. Further, with our customer at the core of our strategy, we are also increasing the personalization of our digital platforms through site experience and marketing designed for our customer. Our ongoing digital investments are designed to create a seamless shopping experience between online and offline in stores and bolster our performance in the digital channel. In addition, we are scaling the distribution capacity of our digital business in order to support our growth and our omni-channel offerings. These strategies are aimed at increasing our digital channel mix and driving margin accretion.

Expand our International Business

Growing our international business is a key strategy. We plan to drive strong sales growth in franchise, travel retail and joint venture-operated stores through continued improved product offerings and adjusting assortments to better reflect local preferences. We plan to increase our international store count, enabled by a new store design, lower costs and flexible store formats, which are designed to provide a pathway to profitable growth. Additionally, we expect to continue investing in and growing the digital components of our international business, including through country-specific web platforms tailored to local languages and preferences and through additional regional expansion. We believe our joint venture partnership we entered into in 2022 with Regina Miracle in China will continue to allow us to grow the China business through joint investment in product development, distribution and marketing, and also positively impacts the speed and agility of the business due to Regina Miracle's established production base in China.

2022 2023 Overview

We utilize the retail calendar for financial reporting. As such, our results for 2023 represent the 53-week period ended February 3, 2024, and the results for 2022 represent the 52-week period ended January 28, 2023. We estimate the extra week in 2023 represented approximately \$80 million in incremental net sales and approximately \$20 million in incremental operating income.

In 2022, 2023, we remained committed to our first full year strategic priorities: 1) Accelerate Our Core; 2) Ignite Growth; and 3) Transform the Foundation. We have made progress on our strategic initiatives to ignite growth and transform the foundation, including progress around our supply chain initiative and international business. Progress related to accelerating our core business in North America was challenged throughout 2023 as an independent, publicly-traded company, we the macroeconomic environment continued to take strategic steps guided by our three key pillars put pressure on the consumer and the overall intimates market in North America was pressured throughout the year. We continue to focus on delivering on multiple initiatives in support of our strategy strategic priorities, such as our multi-tender loyalty program, new customer experience enhancements in our digital business, product improvements and positioning for the Company for the long-term.

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Despite a macroeconomic environment that remained challenging for our customers, including ongoing supply chain disruptions and inflationary pressures, we controlled what we could and delivered financial results that we believe demonstrate the stability of our business and progress of our brand repositioning, our domestic market share leadership position in the intimates category, and our new, more agile operating structure that allows us launches to deliver solid financial results in a challenging environment. Throughout the year, we have been focused on our evolution of our brand and our strategic growth plans, to provide long-term, sustainable value to our shareholders. We completed our acquisition of Adore Me which we believe will strategically position us for growth by allowing us to leverage Adore Me's expertise and technology to continue to improve enhance the Victoria's Secret brand and a reimagined merchandise strategy for our PINK customer shopping experience and to accelerate the modernization of our digital platform. brand. In 2022, 2023, we invested \$250 million \$125 million to repurchase 6.0 million 3.7 million shares of our common stock, and in January stock. We also paid down our senior secured asset-based revolving credit facility (the "ABL Facility"), ending 2023 we announced a new share repurchase program providing for with an outstanding balance of \$145 million, down significantly from \$295 million outstanding at the repurchase end of up to \$250 million of our common stock. 2022.

In 2022, 2023, our net sales decreased \$441 million \$162 million, or 6% 3%, to \$6,344 billion \$6.182 billion compared to \$6,785 billion \$6.344 billion in 2021. 2022 and comparable sales decreased 9% in 2023. Our North American America store sales decreased 7% 11%, or \$285 million \$429 million, to \$3,909 billion \$3.480 billion compared to \$4.194 billion \$3.909 billion in 2021, as an increase in traffic was more than offset 2022, primarily driven by a decrease in traffic, average unit retail (which we define as the average price per unit purchased) and conversion (which we define as the percentage of customers who visit our stores and make a purchase) and average unit retail (which we define as the average price per unit purchased). Our direct channel sales decreased increased by 13% 9%, or \$271 million \$172 million, to \$1,843 billion \$2.015 billion compared to \$2,114 billion \$1.843 billion in 2021, 2022, primarily due to driven by the inclusion of Adore Me sales in our results beginning in 2023. On a comparable basis, our direct channel sales decrease was driven by a decrease in average unit retail, conversion and traffic and conversion. compared to 2022. Operating income for the full year decreased to \$478 million was \$246 million compared to operating income of \$870 million \$478 million in 2021, 2022, and our operating income rate decreased to 7.5% 4.0% compared to 12.8% 7.5% last year. The operating income decrease in 2022 2023 was primarily driven by a decrease in net sales and merchandise margin rate, and was partially offset by a decrease an increase in general, administrative and store operating expenses. expenses and a decrease in net sales.

For additional information related to our 2022 2023 financial performance, see "Results of Operations – 2022 2023 Compared to 2021, 2022." For a discussion of our financial condition and results of operations for 2021 2022 compared to 2020, 2021, refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended January 29, 2022 January 28, 2023, filed with the SEC on March 18, 2022 March 17, 2023.

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Non-GAAP Financial Information

In addition to our results provided in accordance with GAAP above and throughout this Annual Report on Form 10-K, provided below are non-GAAP financial measures which that present adjusted operating income, adjusted net income attributable to Victoria's Secret & Co. and adjusted net income per diluted share attributable to Victoria's Secret & Co. in 2023 and 2022 2021 and 2020, on an adjusted basis, which exclude the impact of remove certain items. We non-recurring, infrequent or unusual items that we believe the presentation of these non-GAAP financial measures is useful for an assessment of our ongoing operations, and that the adjustments are not indicative of the results 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 non-GAAP adjusted financial information as key performance measures of our 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 non-GAAP adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definition of non-GAAP financial measures may differ from similarly titled measures used by other companies. Non-GAAP financial measures should not be used exclusively in evaluating our business or operations. The table below reconciles the non-GAAP financial measures to its most directly comparable GAAP financial measures. measure to each non-GAAP financial measure.

(in millions, except per share amounts)

2022 2021 2020

Reconciliation of Reported to Adjusted Operating Income (Loss)					
Reported Operating Income (Loss) — GAAP	\$	478	\$	870	\$ (101)
Occupancy-related Legal Matter (a)		22		—	—
Restructuring Charges (b)		35		—	51
Happy Nation Restructuring Charge (c)		16		—	—
Adore Me Acquisition Transaction Costs (d)		15		—	—
Asset Impairments (e)		—		—	214
Hong Kong Store Closure and Lease Termination (f)		—		—	(36)
Establishment of U.K. and Ireland Joint Venture (g)		—		—	(30)
Adjusted Operating Income	\$	566	\$	870	\$ 98

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	\$	348	\$	646	\$ (72)
Occupancy-related Legal Matter (a)		22		—	—
Restructuring Charges (b)		35		—	51
Happy Nation Restructuring Charge (c)		16		—	—
Adore Me Acquisition Transaction Costs (d)		15		—	—
Asset Impairments (e)		—		—	214
Hong Kong Store Closure and Lease Termination (f)		—		—	(36)
Establishment of U.K. and Ireland Joint Venture (g)		—		—	(30)
Tax Effect of Adjusted Items		(20)		—	(40)
Tax Benefit related to a Tax Matter Associated with Foreign Investments (h)		—		—	(44)
Adjusted Net Income Attributable to Victoria's Secret & Co.	\$	416	\$	646	\$ 43

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	\$	4.14	\$	7.18	\$ (0.82)
Occupancy-related Legal Matter (a)		0.19		—	—
Restructuring Charges (b)		0.31		—	0.46
Happy Nation Restructuring Charge (c)		0.14		—	—
Adore Me Acquisition Transaction Costs (d)		0.16		—	—
Asset Impairments (e)		—		—	1.93
Hong Kong Store Closure and Lease Termination (f)		—		—	(0.28)
Establishment of U.K. and Ireland Joint Venture (g)		—		—	(0.31)
Tax Benefit related to a Tax Matter Associated with Foreign Investments (h)		—		—	(0.49)
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$	4.95	\$	7.18	\$ 0.49

(in millions, except per share amounts)							
						2023	2022
Reconciliation of Reported to Adjusted Operating Income							
Reported Operating Income — GAAP		\$	246	\$	478		
Adore Me Acquisition-related Items (a)			45		15		
Amortization of Intangible Assets (b)			25		—		
Restructuring Charges (c)			11		35		
Occupancy-related Legal Matter (d)			—		22		
Happy Nation Restructuring Charge (e)			—		16		
Adjusted Operating Income		\$	327	\$	566		
Reconciliation of Reported to Adjusted Net Income Attributable to Victoria's Secret & Co.							
Reported Net Income Attributable to Victoria's Secret & Co. — GAAP		\$	109	\$	348		
Adore Me Acquisition-related Items (a)			50		15		
Amortization of Intangible Assets (b)			25		—		
Restructuring Charges (c)			11		35		
Occupancy-related Legal Matter (d)			—		22		

Happy Nation Restructuring Charge (e)	—	16
Tax Effect of Adjusted Items	(17)	(20)
Adjusted Net Income Attributable to Victoria's Secret & Co.	\$ 178	\$ 416
Reconciliation of Reported to Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.		
Reported Net Income Per Diluted Share Attributable to Victoria's Secret & Co. — GAAP	\$ 1.39	\$ 4.14
Adore Me Acquisition-related Items (a)	0.53	0.16
Amortization of Intangible Assets (b)	0.24	—
Restructuring Charges (c)	0.11	0.31
Occupancy-related Legal Matter (d)	—	0.19
Happy Nation Restructuring Charge (e)	—	0.14
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 2.27	\$ 4.95

(a) In 2023, we recognized pre-tax charges of \$50 million (\$42 million after-tax) within net income, \$29 million included in costs of goods sold, buying and occupancy expense, \$16 million included in general, administrative and store operating expense and \$5 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. In the fourth quarter of 2022, we recognized a pre-tax charge of \$15 million (\$14 million after-tax), included in general, administrative and store operating expense, related to professional services and other transaction-related costs associated with the acquisition of Adore Me. For additional information, see Note 2, "Acquisition" included in Item 8. Financial Statements and Supplementary Data.

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(a) (b) In 2023, we recognized \$25 million (\$19 million after-tax) included in general, administrative and store operating expense related to the acquisition of Adore Me. For additional information, see Note 2, "Acquisition" and Note 10, "Intangible Assets" included in Item 8. Financial Statements and Supplementary Data.

(c) In the first quarter of 2023, we recognized a pre-tax charge of \$11 million (\$8 million after-tax), \$8 million included in general, administrative and store operating expense and \$3 million included in buying and occupancy expense, related to restructuring activities to continue to reorganize and improve our organizational structure. In 2022, we recognized pre-tax charges of \$35 million (\$26 million after-tax), \$21 million included in general, administrative and store operating expense and \$14 million included in buying and occupancy expense, related to restructuring activities to continue to reorganize and improve our organizational structure. For additional information, see Note 6, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.

(d) In the first quarter of 2022, we recognized a pre-tax charge of \$22 million (\$16 million after-tax), 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 the Separation. For additional information, see Note 16, "Commitments and Contingencies" included in Item 8. Financial Statements and Supplementary Data.

(b) In the second quarter of 2022, we recognized a pre-tax charge of \$29 million (\$22 million after-tax), \$16 million included in general, administrative and store operating expense and \$13 million included in buying and occupancy expense, related to restructuring activities to reorganize our leadership structure. In the fourth quarter of 2022, we recognized a pre-tax charge of \$6 million (\$4 million after-tax), \$5 million included in general, administrative and store operating expense and \$1 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 2020, we recognized pre-tax severance charges of \$51 million (\$40 million after-tax) related to headcount reductions as a result of restructuring activities. For additional information, see Note 6, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.

(c) (e) In the fourth quarter of 2022, we recognized a \$16 million charge (\$12 million after-tax), \$15 million included in costs of goods sold, buying and occupancy expense and \$1 million included in general, administrative and store operating expense, for inventory and other costs related to restructuring actions associated with Happy Nation.

(d) In the fourth quarter of 2022, we recognized a \$15 million charge (\$14 million after-tax), included in general, administrative and store operating expense, related to professional services and other transaction-related costs associated with the acquisition of Adore Me. For additional information, see Note 2, "Acquisition" included in Item 8. Financial Statements and Supplementary Data.

(e) We recognized pre-tax impairment charges of \$97 million (\$72 million after-tax) and \$117 million (\$99 million after-tax) related to certain store and lease assets in the first and second quarter of 2020, respectively. For additional information, see Note 8, "Long-Lived Assets" included in Item 8. Financial Statements and Supplementary Data.

(f) In the second quarter of 2020, we recognized a net pre-tax gain of \$36 million (\$25 million after-tax) related to the closure and termination of our lease for the Hong Kong flagship store. For additional information, see Note 9, "Leases" included in Item 8. Financial Statements and Supplementary Data.

(g) In the third quarter of 2020, we recognized a pre-tax gain of \$30 million (\$27 million after-tax) related to the establishment of a joint venture for the U.K. and Ireland business with Next. For additional information, see Note 6, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.

(h) In the third quarter of 2020, we recognized a \$44 million tax benefit related to a tax matter associated with foreign investments.

Company-Operated Store Data

The following table compares 2022 2023 U.S. company-operated store data to the comparable periods period for 2021 and 2020: 2022:

	% Change					2023	2022	% Change
	2022	2021	2020	2022	2021			

Sales per Average Selling Square Foot (a)	Sales per Average Selling Square Foot (a)	\$ 658	\$ 697	\$ 415	(6 %)	68 %	\$ 588	\$ 658	(11)	(11 %)
Sales per Average Store (in thousands) (a)	Sales per Average Store (in thousands) (a)	\$ 4,558	\$ 4,835	\$ 2,789	(6 %)	73 %	\$ 4,038	\$ 4,558	(11)	(11 %)
Average Store Size (selling square feet)	Average Store Size (selling square feet)	6,918	6,942	6,928	— %	— %	6,837	6,918	6,918	(1)
Total Selling Square Feet (in thousands)	Total Selling Square Feet (in thousands)	5,617	5,609	5,861	— %	(4 %)	5,565	5,617	5,617	(1)
										(1 %)

(a) Sales per average selling square foot and sales per average store, which are indicators of store productivity, are calculated based on store sales for the period divided by the average, including the beginning and end of period, of total square footage and store count, respectively. As a result of the COVID-19 pandemic, all our

The following table represents store data for 2023:

	Stores at			Stores at
	January 28, 2023	Opened	Closed	
Company-Operated:				
U.S.	812	15	(19)	808
Canada	25	—	(2)	23
Subtotal Company-Operated	837	15	(21)	831
China Joint Venture:				
Beauty & Accessories (a)	39	2	(7)	34
Full Assortment	33	4	(1)	36
Subtotal China Joint Venture	72	6	(8)	70
Partner-Operated:				
Beauty & Accessories	308	31	(32)	307
Full Assortment	135	33	(12)	156
Subtotal Partner-Operated	443	64	(44)	463
Adore Me	6	—	—	6
Total	1,358	85	(73)	1,370

(a) Includes thirteen partner-operated stores in the U.S. were closed on March 17, 2020 with the majority having re-opened as of the beginning of the third quarter of 2020. As a result, comparisons of year-over-year trends are not a meaningful way to discuss our operating results for the periods impacted by the COVID-19 pandemic, at February 3, 2024.

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The following table represents store data for 2022:

Stores	Reclassified	Stores
at	to	at

		January 29, 2022			January 28, 2023						
		Opened	Closed	Acquired (b)	Joint Venture	Stores at	Opened	Closed	Acquired (b)	Joint Venture	Stores at
		January 29, 2022			January 28, 2023						
<u>Company-Operated:</u>	<u>Company-Operated:</u>										
U.S.	U.S.	808	16	(12)	—	—	812				
Canada	Canada	26	—	(1)	—	—	25				
Subtotal	Subtotal										
Company-Operated	Company-Operated	834	16	(13)	—	—	837				
<u>China Joint Venture:</u>	<u>China Joint Venture:</u>										
Beauty & Accessories	Beauty & Accessories										
(a)	(a)										
Beauty & Accessories	Beauty & Accessories										
(a)	(a)										
Beauty & Accessories	Beauty & Accessories										
(a)	(a)	35	6	(10)	—	8	39				
Full Assortment	Full Assortment	30	4	(1)	—	—	33				
Subtotal	Subtotal										
China Joint Venture	China Joint Venture										
Venture	Venture	65	10	(11)	—	8	72				
<u>Partner-Operated:</u>	<u>Partner-Operated:</u>										
Beauty & Accessories	Beauty & Accessories										
Beauty & Accessories	Beauty & Accessories										
Beauty & Accessories	Beauty & Accessories										
(a)	(a)	335	20	(39)	—	(8)	308				
Full Assortment	Full Assortment	128	21	(14)	—	—	135				
Subtotal	Subtotal										
Partner-Operated	Partner-Operated	463	41	(53)	—	(8)	443				
Adore Me	Adore Me	—	—	—	6	—	6				
<u>Adore Me</u>	<u>Adore Me</u>										
Total	Total	1,362	67	(77)	6	—	1,358				

(a) Includes thirteen partner-operated stores at January 28, 2023.

(b) For additional information, see Note 2, "Acquisition" included in Item 8. Financial Statements and Supplementary Data.

The following table represents store data for 2021:

		Stores at		Stores at	
		January 30, 2021	Opened	Closed	January 29, 2022
<u>Company-Operated:</u>					

U.S.	846	—	(38)	808
Canada	25	1	—	26
China — Beauty & Accessories	36	2	(3)	35
China — Full Assortment	26	4	—	30
Subtotal Company-Operated	933	7	(41)	899
Partner-Operated:				
Beauty & Accessories	338	16	(19)	335
Full Assortment	120	8	—	128
Subtotal Partner-Operated	458	24	(19)	463
Total	1,391	31	(60)	1,362

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The following table represents store data for 2020:

	Stores at			Transferred to Joint Venture (a)	Stores at January 30, 2021
	February 1, 2020	Opened	Closed		
Company-Operated:					
U.S.	1,053	21	(228)	—	846
Canada	38	—	(13)	—	25
U.K. / Ireland	26	—	—	(26)	—
China — Beauty & Accessories	41	1	(6)	—	36
China — Full Assortment	23	4	(1)	—	26
Subtotal Company-Operated	1,181	26	(248)	(26)	933
Partner-Operated:					
Beauty & Accessories	360	8	(30)	—	338
Full Assortment	84	12	(2)	26	120
Subtotal Partner-Operated	444	20	(32)	26	458
Total	1,625	46	(280)	—	1,391

(a) For additional information, see Note 6, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.

Results of Operations — 2022 2023 Compared to 2021 2022

The following information summarizes our results of operations for 2022 2023 compared to 2021 2022.

Operating Income

For 2022, 2023, operating income decreased \$392 million \$232 million, to \$478 million \$246 million, compared to operating income of \$870 million \$478 million in 2021, 2022, and the operating income rate (expressed as a percentage of net sales) decreased to 7.5% 4.0% from 12.8% 7.5%. The drivers of the operating income results are discussed in the following sections.

Net Sales

The following table provides net sales for 2022 2023 in comparison to 2021 2022:

	2022		2021		% Change
	(in millions)				
Stores — North America	\$ 3,909	\$ 4,194			(7 %)
Direct	1,843	2,114			(13 %)
International (a)	592	477			24 %
Total Net Sales	\$ 6,344	\$ 6,785			(6 %)

	2023		2022		% Change
	(in millions)				
Stores — North America (a)	\$ 3,480	\$ 3,909			(11 %)

Direct (a)	2,015	1,843	9 %
International (b)	687	592	16 %
Total Net Sales	\$ 6,182	\$ 6,344	(3 %)

(a) Results in 2023 include Adore Me sales.
 (b) Results include consolidated joint venture sales in China, royalties associated with franchised stores and wholesale sales.

The following table provides a reconciliation of net sales from 2021 to 2022 to 2023:

	(in millions)
2021 2022 Net Sales	\$ 6,785 6,344
Sales Associated with Stores Included in the Comparable Store Sales Stores Calculation	(271) (370)
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net (a)	(25) (15)
Direct Channels (a)(b)	(234) 239
Credit Card Programs	(9) (28)
International Wholesale, Royalty and Other Sourcing	111 22
Foreign Currency Translation	(13) (10)
2022 2023 Net Sales	\$ 6,344 6,182

(a) Results in 2023 include Adore Me sales.

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Results include consolidated joint venture direct sales in China.

The following table compares 2022 to 2023 comparable sales to 2021:

	2022	2021			
	2023			2023	2022
Comparable Sales	Comparable Sales	Comparable Sales (Stores and Direct) (a)			
(Stores and Direct) (a)	(Stores and Direct) (a)	(8 %) 3 %			
Comparable Store Sales	Comparable Store Sales	Comparable Store Sales (a)			
Store Sales (a)	Store Sales (a)	(7 %) 10 %			
				(9 %)	(8 %)
				(11 %)	(7 %)

(a) The percentage change in comparable sales represents direct and comparable store sales. The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channel channels. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the mall changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Therefore, the percentage change in comparable sales for 2023 was calculated on a 53-to-53-week basis and the percentage change in comparable sales for 2022 was calculated on a 52-to-52-week basis. Comparable sales attributable to our international stores are calculated on a constant currency basis.

Net sales in 2022 decreased \$441 million \$162 million, or 6% 3%, to \$6,344 billion \$6,182 billion compared to \$6,785 billion \$6,344 billion in 2021. We estimate the extra week in 2023 represented approximately \$80 million in incremental net sales.

In the stores channel, for 2022, our North America net sales decreased \$285 million \$429 million, or 7% 11%, to \$3,909 billion, as an increase in traffic was more than offset \$3,480 billion compared to 2022 driven by a decrease in conversion and traffic, average unit retail. Net retail and conversion, partially offset by incremental net sales from the extra week in stores outside of North America increased in 2022 compared to 2021 driven by fewer COVID-19-related restrictions this year impacting international travel and traffic in our stores. 2023.

In the direct channel, net sales decreased \$271 million increased \$172 million, or 13% 9%, to \$1,843 billion, primarily due to \$2,015 billion driven by the inclusion of Adore Me sales in our results beginning in 2023 and the incremental net sales from the extra week in 2023. On a comparable basis, our direct channel sales decrease was driven by a decrease in average unit retail, conversion and traffic.

In the international channel, net sales increased \$95 million, or 16%, to \$687 million compared to 2022, as stores and online sales increased in many countries outside of North America driven by new full assortment store growth, comparable store sales growth driven in part by increased traffic and conversion, strong e-commerce performance, positive customer acceptance of our product assortment and the incremental net sales from the extra week in 2023.

Gross Profit

For 2022, 2023, our gross profit decreased \$502 million \$16 million to \$2.258 billion \$2.242 billion, and our gross profit rate (expressed as a percentage of net sales) decreased increased to 35.6% 36.3% from 40.7% 35.6%.

For 2022, 2023, the decrease in gross profit decrease dollars was primarily due to the decrease in merchandise margin dollars related to driven by the decrease in net sales increased and an increase in promotional activity, partially offset by a decrease in supply chain costs, reductions in costs of goods sold related to our supply chain initiative and incremental profit related to the extra week in 2023. Buying and occupancy expenses were down compared to 2022, primarily driven by a legal reserve of \$22 million related to a landlord matter in the challenging economic environment during the last three quarters first quarter of the year 2022 and incremental supply chain and inflationary cost pressures restructuring charges of \$14 million in 2022, compared to last year. Partially offsetting these decreases was lower partially offset by the inclusion of Adore Me buying and occupancy expenses this year compared to last year beginning in 2023. Additionally, the decrease in gross profit dollars was driven by lower management compensation expense and lower depreciation expense. the recognition in gross profit of the \$29 million inventory fair value step-up adjustment related to acquired inventory from Adore Me.

The gross profit rate decrease increase was driven by a decrease in the merchandise margin rate reflecting the increased promotional activity, buying and occupancy deleverage on the decline in sales and the net impact of supply chain and inflationary cost pressures, costs, reductions in costs of goods sold related to our supply chain initiative, partially offset by the lower management compensation expense and lower depreciation expense, increased promotional activity.

General, Administrative and Store Operating Expenses

For 2022, 2023, our general, administrative and store operating expenses decreased \$110 million increased \$216 million, or 12%, to \$1.780 billion \$1.996 billion. The increase in general, administrative and store operating expenses compared to 2022 was primarily due to lower the inclusion of Adore Me general, administrative and store selling operating expenses driven by improvement beginning in 2023 and strategic marketing investments including the Victoria's Secret World Tour in 2023. The increase in general, administrative and store operating expenses in 2023 was also due to the amortization of intangible assets acquired from Adore Me of \$25 million, incremental expenses in the extra week in 2023, recognition of \$8 million of restructuring charges to continue to reorganize and improve our labor model and our ongoing disciplined expense management initiatives, as well as lower management compensation expense. These decreases were organizational structure in the first quarter of 2023, partially offset by \$21 million of restructuring charges of \$21 million in 2022 and \$15 million of professional services and other transaction-related costs associated with the acquisition of Adore Me, 2022.

The general, administrative and store operating expense rate (expressed as a percentage of net sales) increased to 28.1% 32.3% from 27.9% 28.1% due to slight the inclusion of Adore Me general, administrative and store operating expenses beginning in 2023, strategic marketing investments including the Victoria's Secret World Tour and deleverage driven by the decrease in net sales sales compared to 2022.

Interest Expense

For 2022, 2023, our interest expense increased \$33 million \$39 million to \$60 million \$99 million compared to 2021, 2022, primarily driven by the increase in our outstanding debt due to the issuance of the 2029 Notes and the Term Loan Facility that we entered into upon the Separation in August 2021 and due to the borrowings from the ABL Facility during 2022, 2023 and a higher average borrowing rate for our Term Loan Facility and ABL Facility.

Provision for Income Taxes

For 2022, our 2023, the Company's effective tax rate was 19.0% 21.4% compared to 23.3% 19.0% in 2021, 2022. The effective 2023 rate differed from the Company's combined estimated federal and state statutory rate primarily due to foreign earnings taxed at a rate lower than our combined estimated federal and state statutory rate and due to the resolution of certain tax matters. The 2022 rate for both years was lower than the Company's combined estimated federal and state statutory rate primarily due to the recognition of excess tax benefits related to share-based shared-based compensation awards that vested in the respective periods, 2022.

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FINANCIAL CONDITION

Liquidity and Capital Resources

Liquidity, or access to cash, is an important factor in determining our financial stability. We are committed to maintaining adequate liquidity. Cash generated from our operating activities provides the primary resources to support current operations, growth initiatives, seasonal funding requirements and capital expenditures. Our Net cash provided from operations by our operating activities is impacted by our net income (loss) and working capital changes. Our net income (loss) is impacted by, among other things, sales volume, seasonal sales patterns, success of new product introductions, profit margins and income taxes. Historically, sales are higher during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Generally, our need for working capital peaks during the summer and fall months as inventory builds in anticipation of the holiday period.

Prior to the Separation, we generated annual cash flow from operating activities. However, we were operating within the Former Parent's cash management structure, which used a centralized approach to cash management and financing of our operations. As a result, a substantial portion of our cash was transferred to the Former Parent. This arrangement was not reflective of the manner in which we would have financed our operations had we been an independent, publicly traded company during the periods presented prior to the Separation.

The cash and cash equivalents held by the Former Parent at the corporate level prior to the Separation were not specifically identifiable to us and, therefore, were not reflected in the Consolidated Balance Sheets. The Former Parent's third-party long-term debt and the related interest expense were not allocated to us for any of the periods presented prior to the Separation as we were not the legal obligor of such debt.

Following the Separation from the Former Parent, our capital structure and sources of liquidity changed from the historical capital structure because we no longer participate in the Former Parent's centralized cash management program. Our ability to fund our operating needs is primarily dependent upon our ability to continue to generate positive cash flow from operations, as well as borrowing capacity under our senior secured asset-based revolving credit facility (the "ABL Facility"), ABL Facility, which we rely on to supplement cash

generated by our operating activities, particularly when our need for working capital peaks in the summer and fall months as discussed above. Management believes that our cash balances and funds provided by operating activities, along with the borrowing capacity under our ABL Facility, taken as a whole, provide (i) adequate liquidity to meet all of our current and long-term obligations when due, **including third-party debt that we incurred in connection with the Separation**, (ii) adequate liquidity to fund capital expenditures, and (iii) flexibility to **meet consider** investment opportunities that may arise. However, certain investment opportunities **or seasonal funding requirements** may require us to seek additional debt or equity financing, and there can be no **assurances assurance** that we will be able to obtain additional debt or equity financing on acceptable terms, if at all, in the future.

We expect to utilize our cash flows to continue to invest in our brands, talent and capabilities, and growth strategies as well as to **fund our share repurchase programs and to repay our indebtedness over time**. We believe that our available short-term and long-term capital resources are sufficient to fund **our working capital and other cash flow requirements** over the next 12 months.

Working Capital and Capitalization

Prior to the Separation, we generated annual cash flow from operating activities to support our working capital needs. However, we were operating within the Former Parent's cash management structure, which used a centralized approach to cash management and financing of our operations. As a result, a substantial portion of our cash was transferred to the Former Parent. This arrangement was not reflective of the manner in which we would have financed our operations had we been an independent, publicly traded company during the periods presented prior to the Separation. Based upon our cash balances and **funds net cash** provided by **our** operating activities, along with the borrowing capacity under our ABL Facility, we believe we will be able to continue to meet our working capital needs.

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The following table provides a summary of our working capital position and capitalization for the periods post-Separation as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

		February 3, 2024	February 3, 2024	February 3, 2024	
			January 28, 2023	January 29, 2022	(in millions)
Net Cash Provided by Operating Activities	\$	437	\$	851	
Capital Expenditures		164		169	
Net Cash Provided by Operating Activities (a)					
Capital Expenditures (a)					
Capital Expenditures (a)					
Capital Expenditures (a)					
Working Capital					
Working Capital					
Working Capital	Working Capital	158		(7)	
Capitalization:	Capitalization:				
Capitalization:					
Capitalization:					
Long-term Debt					
Long-term Debt					
Long-term Debt	Long-term Debt	1,271		978	
Victoria's Secret & Co.	Victoria's Secret & Co.				
Shareholders' Equity	Shareholders' Equity	383		257	
Victoria's Secret & Co. Shareholders' Equity					
Victoria's Secret & Co. Shareholders' Equity					
Total Capitalization	Total Capitalization	\$ 1,654	\$	1,235	
Amounts Available Under the ABL Facility (a)		\$ 259	\$	523	
Total Capitalization					
Total Capitalization					
Amounts Available Under the ABL Facility (b)					
Amounts Available Under the ABL Facility (b)					
Amounts Available Under the ABL Facility (b)					

(a) Amounts shown represent the fifty-three-week period ended February 3, 2024 and the fifty-two-week period ended January 28, 2023.

(b) For the **reporting period ending January 28, 2023** ended **February 3, 2024**, the availability under the ABL Facility was limited by our borrowing base of \$587 million, less outstanding borrowings of \$145 million and letters of credit of \$19 million. For the period ended **January 28, 2023**, the availability was limited by our borrowing base of

\$596 million, less outstanding borrowings of \$295 million and letters of credit of \$42 million. For the reporting period ending January 29, 2022, the availability was limited by our borrowing base of \$564 million, less outstanding letters of credit of \$41 million. There were no borrowings outstanding under the ABL Facility as of January 29, 2022.

The following table provides certain measures of liquidity and capital resources for the periods post-Separation as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023:

	January 28, 2023	January 29, 2022
	February 3, 2024	February 3, 2024
Debt-to-capitalization Ratio (a)	77 %	79 %
Operating Cash Flow to Capital Expenditures	266 %	504 %
Debt-to-capitalization Ratio (a)		
Debt-to-capitalization Ratio (a)		
Net Cash Provided By Operating Activities to Capital Expenditures		
Net Cash Provided By Operating Activities to Capital Expenditures		
Net Cash Provided By Operating Activities to Capital Expenditures		

(a) Long-term debt divided by total capitalization.

Cash Flow

The following table provides a summary of our cash flow activity for the fiscal years ended January 28, 2023, January 29, 2022 February 3, 2024 and January 30, 2021 January 28, 2023:

	2022		2021		2020	
	(in millions)					
Cash and Cash Equivalents, Beginning of Year	\$	490	\$	335	\$	245
Net Cash Flows Provided by Operating Activities		437		851		674
Net Cash Flows Used for Investing Activities		(555)		(169)		(123)
Net Cash Flows Provided by (Used for) Financing Activities		58		(527)		(465)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(3)		—		4
Net Increase (Decrease) in Cash and Cash Equivalents		(63)		155		90
Cash and Cash Equivalents, End of Year	\$	427	\$	490	\$	335

	2023		2022	
	(in millions)			
Cash and Cash Equivalents, Beginning of Year	\$	427	\$	490
Net Cash Provided by Operating Activities		389		437
Net Cash Used for Investing Activities		(254)		(555)
Net Cash Provided by (Used for) Financing Activities		(291)		58
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(1)		(3)
Net Decrease in Cash and Cash Equivalents		(157)		(63)
Cash and Cash Equivalents, End of Year	\$	270	\$	427

Operating Activities

Net cash provided by operating activities reflects net income adjusted for non-cash items, including depreciation and amortization, share-based compensation expense and deferred tax expense, as well as changes in working capital. Net cash provided by operating activities in 2022 2023 was \$437 million \$389 million, a decrease in net cash flows provided by operating activities of \$414 million \$48 million compared to 2021, 2022. The decrease in net cash from flows provided by operating activities in 2022 2023 was primarily driven by lower a decrease in net income and higher of \$222 million, partially offset by lower operating cash outflows associated with working capital changes, changes of \$115 million compared to 2022. The most significant working capital driver resulting in the decrease in lower net operating cash flows this year compared to last year is driven by was the timing of payments related to the increased inventory levels throughout this last year, compared to last year. The increased inventory levels this year which were primarily driven by modal mix changes and longer in-transit shipment times which we began to experience in the third and fourth quarter of 2021, times. The other significant working capital driver resulting in the decrease in lower net operating cash flows outflows this year is related to income taxes paid of \$161 million \$74 million in 2022 as 2023 compared to \$56 million \$161 million paid in 2021. In 2021, the income tax provision assumed the utilization of certain tax benefits that only existed on a "carve-out" basis from the Former Parent, 2022.

Investing Activities

Net cash used for investing activities in 2023 was \$254 million, consisting of capital expenditures of \$256 million. The capital expenditures were primarily related to our store capital program and investments in technology related to our strategic initiatives to drive growth and technology investments relating to separation activities from our Former Parent.

Net cash used for investing activities in 2022 was \$555 million, consisting primarily of our \$369 million cash payment, net of cash acquired, in connection with the Adore Me acquisition and capital expenditures of \$164 million. The capital expenditures were primarily related to our store capital program, along with investments in technology, distribution and logistics to support our retail capabilities.

Net cash used for investing activities in 2021 was \$169 million for capital expenditures. The capital expenditures were primarily related to our store refresh program and spending on technology and logistics to support our digital business and other retail capabilities.

We are estimating 2023 2024 capital expenditures to be approximately \$275 million \$230 million. We are investing in expect that our capital expenditures will continue to be focused on our store capital program along with investments in technology related to our strategic initiatives to drive growth and technology investments relating to the Separation activities. growth.

Financing Activities

Net cash used for financing activities in 2023 was \$291 million, consisting primarily of \$615 million of repayments under the ABL Facility and \$125 million of share repurchases, partially offset by borrowings of \$465 million from the ABL Facility.

Net cash provided by financing activities in 2022 was \$58 million, consisting primarily of borrowings of \$295 million from the ABL Facility and \$55 million of cash received from Regina Miracle in connection with the joint venture agreement completed in the first quarter of 2022. Those proceeds were partially offset by \$250 million of share repurchases and \$42 million of payments for payroll taxes on relating to the vesting of share-based compensation awards.

Net cash used for financing activities in 2021 was \$527 million consisting primarily of net transfers to the Former Parent of \$1.253 billion and \$250 million for the accelerated share repurchase program, partially offset by \$982 million of net proceeds from the issuance of long-term debt.

Common Stock Share Repurchases & Treasury Stock Retirements

Our Board of Directors determines share repurchase authorizations, giving consideration to our levels of profit and cash flow, flows, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements and the Tax Matters Agreement with the our Former Parent, as well as financial and other conditions existing at the time. We use cash flow generated from flows provided by our operating activities to fund our share repurchase programs. The repurchases. Once authorized by our Board of Directors, the timing and amount of any share repurchases will be made at our discretion, taking into account a number of factors, including market conditions.

March 2024 Share Repurchase Program

In March 2024, subsequent to the end of fiscal year 2023, our Board of Directors approved a share repurchase program ("March 2024 Share Repurchase Program"), authorizing the repurchase of up to \$250 million of our common stock, subject to market conditions and other factors, through open market, accelerated share repurchase or privately negotiated transactions, including pursuant to one or more Rule 10b5-1 trading plans. The March 2024 Share Repurchase Program is open-ended in term, eligible to begin immediately and will continue until exhausted.

January 2023 Share Repurchase Program

In January 2023, our Board of Directors approved a share repurchase program ("January 2023 Share Repurchase Program"), authorizing the repurchase of up to \$250 million of our common stock. The \$250 million authorization, is expected to be which expired at the end of 2023, was utilized in 2023 to repurchase shares in the open market subject to market conditions and other factors. Shares acquired through under the accelerated share repurchase agreement described below.

In February 2023, as part of the January 2023 Share Repurchase Program, will be available to meet obligations under equity compensation plans and for general corporate purposes. The January 2023 Share Repurchase Program began upon completion of the March 2022 Share Repurchase Program and will continue until exhausted, but no later than the end of fiscal year 2023. We did not repurchase any shares of our common stock under the January 2023 Share Repurchase Program during fiscal year 2022.

Subsequent to the end of fiscal year 2022, we entered into an accelerated share repurchase agreement ("ASR Agreement") with Goldman Sachs & Co. LLC ("Goldman Sachs") to repurchase \$125 million of our common stock. In February 2023, we made an initial payment of \$125 million to Goldman Sachs and received an initial delivery of 2.4 million shares of our common stock. As a result of the initial share delivery, there was an additional \$1 million increase in Treasury Stock, which reflects the excise tax liability recorded related to the share repurchase in accordance with the Inflation Reduction Act of 2022.

In May 2023, upon final settlement of the ASR Agreement, we received an additional 1.3 million shares of our common stock from Goldman Sachs. The final number of shares to be repurchased will be received was based on the volume-weighted average price of our common stock during the term of the ASR Agreement, less a discount and subject to adjustments pursuant to the terms of the ASR Agreement. The final

We repurchased the following shares of our common stock under the January 2023 Share Repurchase Program during 2023:

	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in millions)	(in thousands)	(in millions)	
January 2023 Share Repurchase Program	\$ 250	3,652	\$ 125	\$ 34.22

Shares repurchased under the January 2023 Share Repurchase Program were retired upon repurchase. As a result, we retired the 3.7 million shares repurchased in connection with the settlement of the ASR Agreement is expected to be completed during 2023. The retirement resulted in a reduction of \$126 million in Treasury Stock, less than \$1 million in

the second quarter par value of Common Stock, \$9 million in Paid-in Capital and \$117 million in Retained Earnings during 2023. The ASR Agreement is a component of the January 2023 Share Repurchase Program.

March 2022 Share Repurchase Program

In March 2022, our Board of Directors approved a share repurchase program ("March 2022 Share Repurchase Program"), providing for the repurchase of up to \$250 million of our common stock. The full \$250 million authorization was utilized in fiscal year 2022 to repurchase shares in the open market, subject to market conditions and other factors.

We repurchased the following shares of our common stock under the March 2022 Share Repurchase Program during 2022:

	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in millions)	(in thousands)	(in millions)	
March 2022 Share Repurchase Program	\$ 250	5,985	\$ 250	\$ 41.77

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In accordance with the Board of Directors' resolution, shares of our common stock repurchased under the March 2022 Share Repurchase Program were retired upon repurchase and were available to meet obligations under equity compensation plans and for general corporate purposes. As a result, we retired all the shares repurchased under the March 2022 Share Repurchase Program during 2022, which resulted in reductions of less than \$1 million in the par value of Common Stock, \$12 million in Paid-in Capital and \$238 million in Retained Earnings.

December 2021 ASR Agreement

In December 2021, we entered into an accelerated share repurchase agreement ("December 2021 ASR Agreement") with Goldman Sachs to repurchase \$250 million of our common stock. In December 2021, we made an initial payment of \$250 million to Goldman Sachs and received an initial delivery of 4.1 million shares of our common stock. The \$250 million payment to Goldman Sachs was recognized as a reduction to shareholders' equity, consisting of a \$200 million increase in Treasury Stock, which reflects the value of the initial 4.1 million shares received upon initial settlement, and a \$50 million decrease in Paid-in Capital, which reflects the value of the stock held back by Goldman Sachs pending final settlement of the December 2021 ASR Agreement. In accordance with the Board of Directors' resolution, During 2021, we immediately retired the 4.1 million shares repurchased under the December 2021 ASR Agreement. The retirement resulted in a reduction of \$200 million in Treasury Stock, less than \$1 million in the par value of Common Stock, \$8 million in Paid-in Capital and \$192 million in Retained Earnings.

In February 2022, upon final settlement of the December 2021 ASR Agreement, we received an additional 0.3 million shares of our common stock from Goldman Sachs. The final number of shares received under the December 2021 ASR Agreement was based on the daily average of the volume-weighted average share price of our common stock over the term of the December 2021 ASR Agreement, less a discount and subject to other adjustments pursuant to the terms of the December 2021 ASR Agreement. The delivery of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted net income per share. In connection with the settlement of the December 2021 ASR Agreement, \$50 million previously recorded in Paid-in Capital as of January 29, 2022, was reclassified to Treasury Stock in the first quarter of 2022. In February 2022, we immediately retired the additional 0.3 million shares repurchased in connection with the settlement of the December 2021 ASR Agreement. The retirement resulted in a reduction of \$50 million in Treasury Stock, less than \$1 million in the par value of Common Stock, less than \$1 million in Paid-in Capital and nearly \$50 million in Retained Earnings.

Dividend Policy and Procedures

We have not paid any cash dividends since the Separation. becoming an independent, publicly traded company. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends. The declaration and amount of any dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, cash flows, capital requirements of our business, covenants associated with our debt obligations, legal requirements, regulatory constraints, industry practice and any other factors the Board of Directors deems relevant. We would use net cash flow generated from provided by operating and financing activities to fund our dividends.

Long-term Debt and Borrowing Facilities

The following table provides our outstanding debt Long-term Debt balance, net of unamortized debt issuance costs and discounts and any current portion, as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023.

	January 28, 2023	January 29, 2022
	(in millions)	
Senior Secured Debt with Subsidiary Guarantee		
\$395 million Term Loan due August 2028 ("Term Loan Facility")	\$ 387	\$ 390
Asset-based Revolving Credit Facility due August 2026 ("ABL Facility")	295	—
Total Senior Secured Debt with Subsidiary Guarantee	682	390
Senior Debt with Subsidiary Guarantee		
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	593	592
Total Senior Debt with Subsidiary Guarantee	593	592
Total	1,275	982

Current Debt	(4)	(4)
Total Long-term Debt, Net of Current Portion	<u>\$ 1,271</u>	<u>\$ 978</u>

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	February 3, 2024	January 28, 2023
	(in millions)	
Senior Secured Debt with Subsidiary Guarantee		
\$391 million Term Loan due August 2028 ("Term Loan Facility")	\$ 385	\$ 387
Asset-based Revolving Credit Facility due August 2026 ("ABL Facility")	145	295
Total Senior Secured Debt with Subsidiary Guarantee	<u>530</u>	<u>682</u>
Senior Debt with Subsidiary Guarantee		
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	594	593
Total Senior Debt with Subsidiary Guarantee	<u>594</u>	<u>593</u>
Total	<u>1,124</u>	<u>1,275</u>
Current Debt	(4)	(4)
Total Long-term Debt, Net of Current Portion	<u>\$ 1,120</u>	<u>\$ 1,271</u>

Cash paid for interest was \$87 million and \$52 million in 2023 and \$18 million in 2022, and 2021, respectively. There was no cash paid for interest in 2020.

Issuance of Notes

In July 2021, we issued \$600 million of 4.625% notes due in July 2029 in a transaction exempt from registration under the Securities Act. The obligation to pay principal and interest on the 2029 Notes is jointly and severally guaranteed on a full and unconditional basis by certain of our wholly-owned subsidiaries.

On August 2, 2021, we used cash proceeds of \$592 million, which were net of issuance costs of \$8 million, from the 2029 Notes, to partially fund the approximately \$976 million cash payment to the Former Parent in connection with the Separation. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

Credit Facilities

In September 2023, we entered into a delayed draw term loan agreement, secured by certain real estate assets owned by us, to increase available liquidity in consideration of potential seasonal working capital needs. The delayed draw term loan had a maximum borrowing capacity of \$75 million. We did not draw any amounts under this term loan and the agreement terminated in December 2023. During 2023, fees incurred in relation to this delayed draw term loan agreement were \$1 million and were amortized over the life of the agreement.

On August 2, 2021, we entered into a term loan B credit facility in an aggregate principal amount of \$400 million, which will mature in August 2028. The discounts and issuance costs from the Term Loan Facility are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets. Commencing in December 2021, we are required to make quarterly principal payments on the Term Loan Facility in an amount equal to 0.25% of the original principal amount of \$400 million. We made principal payments of \$4 million and \$1 million for the Term Loan Facility of \$4 million during 2022 both 2023 and 2021, respectively, 2022.

Interest under the In May 2023, we amended our Term Loan Facility is calculated by to allow for an early transition to using the Term Secured Overnight Financing Rate ("Term SOFR") as the applicable reference rate to calculate interest instead of the London Interbank Offered Rate ("LIBOR"). Prior to the amendment, interest under the Term Loan Facility was calculated by reference to LIBOR or an alternative base rate, plus an interest rate margin equal to (i) in the case of LIBOR loans, 3.25% and (ii) in the case of alternate base rate loans, 2.25%. The LIBOR rate applicable to the Term Loan Facility was subject to a floor of 0.50%. In accordance with the amendment, interest on Term SOFR loans under the Term Loan Facility is now calculated by reference to Term SOFR, plus an interest rate margin ranging from 3.36% to 3.68%. The obligation to pay principal and interest on the loans under the Term Loan Facility is jointly and severally guaranteed on a full and unconditional basis by certain of our wholly-owned domestic subsidiaries. The loans under the Term Loan Facility are secured on a first-priority lien basis by certain assets of ours and guarantors that do not constitute priority collateral of the ABL Facility and on a second-priority lien basis by priority collateral of the ABL Facility, subject to customary exceptions. As of January 28, 2023 February 3, 2024, the interest rate on loans under the Term Loan Facility was 7.98% 8.89%.

On August 2, 2021, we also entered into a senior secured asset-based revolving credit facility. The ABL Facility allows for borrowings and letters of credit in U.S. dollars or Canadian dollars, and has aggregate commitments of \$750 million and an expiration date of August 2026. The availability under the ABL Facility is the lesser of (i) the borrowing base, determined primarily based on our eligible U.S. and Canadian credit card receivables, eligible accounts receivable, eligible inventory and eligible real property, and (ii) the aggregate commitment. Interest In May 2023, we amended our ABL Facility to allow for an early transition to using Term SOFR as the applicable reference rate to calculate interest instead of LIBOR. Prior to the amendment, interest on the loans under the ABL Facility was calculated by reference to (i) LIBOR or an alternative base rate and (ii) in the case of loans denominated in Canadian dollars, Canadian Dollar Offered Rate ("CDOR") or a Canadian base rate, plus an interest rate margin based on average daily excess availability ranging from (x) in the case of LIBOR and CDOR loans, 1.50% to 2.00% and (y) in the case of alternate base rate loans and Canadian base rate loans, 0.50% to 1.00%. In accordance with the amendment, interest on Term SOFR loans under the ABL Facility is now calculated by reference to Term SOFR, plus an interest rate margin based on average daily excess availability ranging from 1.60% to 2.10%. Unused commitments under the ABL Facility accrue an unused commitment fee ranging from 0.25% to 0.30%. The obligation to pay principal and interest on the loans under the ABL Facility is jointly and severally guaranteed on a full and unconditional basis by certain of our wholly-owned domestic and Canadian subsidiaries. The loans under the ABL Facility are secured on a first-priority lien basis by our eligible U.S. and Canadian credit card receivables, eligible accounts receivable, eligible inventory and eligible real property and on a second-priority lien basis on substantially all other assets of ours, subject to customary exceptions.

During 2022, we borrowed \$465 million and \$295 million from the ABL Facility all during 2023 and 2022, respectively, and made payments of which remains outstanding as of January 28, 2023. \$615 million under the ABL Facility during 2023. As of January 28, 2023 February 3, 2024, there were borrowings of \$145 million outstanding under the ABL Facility and the interest rate on the borrowings from the ABL Facility was 5.90% 7.46%. We had \$42 \$19 million of outstanding letters of credit as of January 28, 2023 February 3, 2024 that further reduced our availability under the ABL Facility. As of January 28, 2023 February 3, 2024, our remaining availability under the ABL Facility was \$259 \$423 million.

On August 2, 2021, we used the net cash proceeds from the credit facilities of \$384 million, which were net of issuance and financing costs of \$10 million for the Term Loan Facility and \$6 million for the ABL Facility, to partially fund the approximately \$976 million cash payment to the Former Parent in connection with the Separation. The discounts and issuance costs from the Term Loan Facility are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

Our long-term debt and borrowing facilities contain certain financial and other covenants, including, but not limited to, the maintenance of financial ratios. The 2029 Notes and the Term Loan Facility include the maintenance of a consolidated coverage ratio and a consolidated total leverage ratio, and the ABL Facility includes the maintenance of a fixed charge coverage ratio and a debt to earnings before interest, income taxes, depreciation, amortization and rent ("EBITDAR") ratio. The financial covenants could, within specific predefined circumstances, limit our ability to incur additional indebtedness, make certain investments, pay dividends or repurchase shares. As of January 28, 2023 February 3, 2024, we were in compliance with all covenants under our long-term debt and borrowing facilities.

[Table of Contents](#) We elected the optional expedient under Accounting Standards Update No. 2020-04.

Foreign Facilities

Certain of Reference Rate Reform, in connection with amending our China subsidiaries previously utilized revolving Term Loan Facility and term loan bank facilities ABL Facility agreements to support their operations (the "Foreign Facilities"). The Foreign Facilities allowed borrowings in U.S. dollars and Chinese Yuan, and interest rates on outstanding borrowings were based upon replace the applicable benchmark reference rate from LIBOR to Term SOFR to consider the currency of each borrowing.

Certain of these facilities were guaranteed by the Former Parent and certain amendments as a continuation of the Former Parent's wholly-owned subsidiaries (the "Secured Foreign Facilities"). The Secured Foreign Facilities allowed for borrowings and letters of credit up existing contract without having to \$30 million. We borrowed \$21 million and made payments of \$126 million perform an assessment that would otherwise be required under the Secured Foreign Facilities during 2020. We had no borrowings or payments under the Secured Foreign Facilities during 2021. During the second quarter of 2021, with no borrowings outstanding, we terminated the Secured Foreign Facilities. GAAP.

We borrowed \$13 million and made payments of \$63 million under the unsecured Foreign Facilities during 2020. During the second quarter of 2020, with no borrowings outstanding, we terminated the unsecured Foreign Facilities.

Long-term Debt due to Former Parent

During 2020, we borrowed \$97 million from the Former Parent to pay down outstanding debt with external parties. This borrowing was due in September 2025 and had a variable interest rate based on the China Loan Prime Rate. As a result of the Separation, we no longer have this Long-term Debt due to Former Parent. Prior to the Separation, we recognized \$2 million of interest expense during 2021 related to this borrowing.

Credit Ratings

The following table provides our credit ratings as of January 28, 2023 February 3, 2024:

		Moody's	S&P
Corporate		Ba3	BB-
Senior Secured Debt with Subsidiary Guarantee		Ba2	BB+
Senior Unsecured Debt with Subsidiary Guarantee		B1	BB-
Outlook		Stable	Stable

Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of January 28, 2023 February 3, 2024:

		Payments Due by Period						Payments Due by Period					
		Less			More			Less			More		
		Than 1		1-3	4-5	than 5		Than 1		1-3	4-5	than 5	
		Total	Year	Years	Years	Years	Other	Total	Year	Years	Years	Years	Other
(in millions)												(in millions)	
Long-term Debt (a)	Long-term Debt (a)	\$1,710	\$ 81	\$161	\$429	\$1,039	\$—						
Future Lease Obligations (b)	Future Lease Obligations (b)	1,949	391	616	390	552	—						

Purchase Obligations	Purchase Obligations					
(c)	(c)	800	757	37	6	—
Cash Consideration Related to Acquisition						
(d)						
Other Liabilities	Other Liabilities					
(e)	(d) (e)	29	6	—	—	—
Total	Total	\$4,488	\$1,235	\$814	\$825	\$1,591
						\$23

- (a) Long-term debt obligations relate to our principal and interest payments for our outstanding debt. Interest payments have been estimated based on the coupon rate for fixed rate obligations. For variable interest rate obligations under the Term Loan Facility, the interest payments have been estimated based on a LIBOR rate of 4.73% plus an interest rate margin of 3.25% 8.89%, which was the interest rate as of February 3, 2024. For variable interest rate obligations under the ABL Facility, the interest payments have been estimated based on an interest rate of 5.90% 7.46%, which was the interest rate as of February 3, 2024. For additional information, see Note 13 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.
- (b) Future lease obligations primarily represent minimum payments due under store lease agreements. For additional information, see Note 9 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.
- (c) Purchase obligations primarily include purchase orders for merchandise inventory and other agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.

Table (d) Cash consideration related to the acquisition of [Contents](#) Adore Me relates to a fixed payment and a contingent payment based on the achievement of specified strategic objectives. For additional information, see Note 2 to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(d) (e) Other liabilities also include future estimated payments associated with unrecognized tax benefits. The "Less Than 1 Year" category includes \$6 million \$20 million of these tax items because it is reasonably possible that the payments could change in the next 12 months due to audit settlements or resolution of uncertainties. The remaining portion totaling \$23 million \$12 million is included in the "Other" category because it is not reasonably possible that the payments could change in the next 12 months due to audit settlements or resolution of uncertainties. For additional information, see Note 12 to the Consolidated and Combined Financial Statements in Item 8. Financial Statements and Supplementary Data.

Recently Issued Accounting and Reporting Pronouncements

We did not adopt any new accounting standards during [2022](#) 2023 that had a material impact on our results of operations, financial position or cash flows.

SEC Climate-Related Disclosures

In addition, [there](#) March 2024, the SEC adopted rules intended to enhance and standardize climate-related disclosures in registration statements and annual reports. The new rules will require disclosure of material climate-related risks, including disclosure of Board of Directors' oversight and risk management activities, the material impacts of these risks to us and the quantification of material impacts to us as a result of severe weather events and other natural conditions. The rules also require disclosure of material greenhouse gas emissions and any material climate-related targets and goals. The new rules will be effective for annual reporting periods beginning in fiscal year 2025, except for the greenhouse gas emissions disclosures which will be effective for annual reporting periods beginning in fiscal year 2026. We are [no](#) currently evaluating the impact of these new accounting standards rules.

Income Taxes

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision-usefulness of income tax disclosures, primarily by requiring enhanced disclosure for income taxes paid and the effective tax rate reconciliation. This standard will be effective for annual reporting periods beginning in fiscal year 2025 and for interim periods beginning in fiscal year 2026, with early adoption permitted. The updates required by this standard should be applied prospectively, but retroactive application is permitted. We do not yet adopted that are expected expect this standard to have a material impact on our results of operations, financial position or cash flows.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expense categories that are regularly provided to the chief operating decision maker and included in each reported measure of a segment's profit or loss. The update also requires all annual disclosures about a reportable segment's profit or loss and assets to be provided in interim periods and for entities with a single reportable segment to provide all the disclosures required by ASC 280, *Segment Reporting*, including the significant segment expense disclosures. This standard will be effective for annual reporting periods beginning in fiscal year 2024 and interim periods beginning in fiscal year 2025, with early adoption permitted. The updates required by this standard should be applied retrospectively to all periods presented in the financial statements. We do not expect this standard to have a material impact on our results of operations, financial position or cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies related to estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its accounting policies, estimates and judgments, including those related to inventories, long-lived assets, claims and contingencies, income taxes and revenue recognition. Management bases our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Management has discussed the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors and believes the following assumptions and estimates are most significant to reporting our results of operations and financial position.

Inventories

Inventories are principally valued at the lower of cost or net realizable value, on an average cost basis. We record valuation adjustments to our inventories if the cost of inventory on hand exceeds the amount we expect to realize from the ultimate sale or disposal of the inventory. These estimates are based on management's judgment regarding future demand and market conditions and analysis of historical experience. If actual demand or market conditions are different than those projected by management, future period merchandise margin rates may be unfavorably or favorably affected by adjustments to these estimates.

We also record inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results, operating trends and consumer behavior. Management believes that the assumptions used in these estimates are reasonable and appropriate. A 10% increase or decrease in the inventory valuation adjustment would have impacted net income by approximately \$3 million \$2 million for 2022, 2023. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income by approximately \$2 million \$3 million for 2022, 2023.

Valuation of Long-lived Assets

Long-lived Store Assets

Long-lived store assets, which include leasehold improvements, store related assets and operating lease assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Store assets are grouped at the lowest level for which they are largely independent of other assets or asset groups. If the estimated undiscounted future cash flows related to the asset group are less than the carrying value, we recognize a loss equal to the difference between the carrying value and the estimated fair value, determined by the estimated discounted future cash flows of the asset group. For operating lease assets, we determine the fair value of the assets by comparing the contractual rent payments to estimated market rental rates. An individual asset within an asset group is not impaired below its estimated fair value. The fair value of long-lived store assets are determined using Level 3 inputs within the fair value hierarchy.

As a result of our store fleet rationalization executed during 2020 and the negative operating results of certain stores in 2020, we determined that the estimated undiscounted future cash flows were less than the carrying values for certain asset groups and, as a result, determined the estimated fair values of the store asset groups using estimated discounted future cash flows and estimated market rental rates. Long-lived store asset impairment charges are included within Costs of Goods Sold, Buying and Occupancy in the Consolidated and Combined Statements of Income (Loss).

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There were no long-lived store asset impairment charges in 2023, 2022 or 2021. The following table provides pre-tax long-lived store asset impairment charges included in the 2020 Consolidated and Combined Statement of Loss:

	2020	
	(in millions)	
Store Asset Impairment	\$ 136	
Operating Lease Asset Impairment	118	
Total Impairment	\$ 254	

Our fair value estimates incorporate significant assumptions and judgments including, but not limited to, estimated future cash flows, discount rates and market rental rates. The use of different assumptions or judgments in our assessment could materially increase or decrease the fair value of our store assets and, accordingly, could materially increase or decrease any related impairment charge. Sustained declines in our business performance could result in a material impairment charge in a future period.

When a decision has been made to dispose of property and equipment prior to the end of the previously estimated useful life, depreciation estimates are revised to reflect the use of the asset over the shortened estimated useful life.

Goodwill

Goodwill is reviewed for impairment at the reporting unit level each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. We have the option to either first perform a qualitative assessment to determine whether it is more likely than not that each reporting unit's fair value is less than its carrying value (including goodwill), or to proceed directly to the quantitative assessment which requires a comparison of the reporting unit's fair value to its carrying value (including goodwill). If we determine that the fair value of a reporting unit is less than its carrying value, we recognize an impairment charge equal to the difference, not to exceed the total amount of goodwill allocated to the reporting unit. Our reporting units are determined in accordance with the provisions of ASC 350, *Intangibles - Goodwill and Other*.

We considered the overall macroeconomic conditions and performed a quantitative impairment test for our reporting units with goodwill in the fourth quarter of 2023. The fair value of the reporting unit was determined using an income approach based on the discounted cash flow ("DCF") model and a market approach based on earnings multiples of guideline public companies, with 50% of the value determined using the DCF model and 50% of the value determined using the guideline public company approach. The fair value of the

reporting unit under both approaches is determined using Level 3 inputs within the fair value hierarchy. Under the DCF method, the fair value of a reporting unit is based on the present value of estimated future cash flows. Under the guideline public company method, the fair value is based upon market multiples of revenue and earnings derived from publicly-traded companies with similar business characteristics as the reporting unit.

Claims and Contingencies

We are subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising out of the normal course of business. Our determination of the treatment of claims and contingencies in the Consolidated and Combined Financial Statements is based on management's view of the expected outcome of the applicable claim or contingency. We consult with legal counsel on matters related to litigation and seek input from both internal and external experts with respect to matters in the ordinary course of business. We accrue a liability if the likelihood of an adverse outcome is probable and the amount is reasonably estimable. If the likelihood of an adverse outcome is only reasonably possible (as opposed to probable) or if an estimate is not reasonably determinable, disclosure of a material claim or contingency is disclosed in the Notes to the Consolidated and Combined Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in our Consolidated and Combined Statement of Income (**Loss**) in the period that includes the enactment date. The Company treats the global intangible low-taxed income provisions enacted as part of the U.S. Tax Cuts and Jobs Act as a current period expense. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

Significant judgment **Judgment** is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In determining our provision for income taxes, we consider permanent differences between book and tax income and statutory income tax rates. Our effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

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We follow the authoritative guidance included in ASC 740, *Income Taxes*, which contains a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and for which actual outcomes may differ from forecasted outcomes. Our policy is to include interest and penalties related to uncertain tax positions in income tax expense.

Our income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding our tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various tax authorities. A number of years may elapse before a particular matter for which we have established an accrual is audited and fully resolved or clarified. We adjust our tax contingencies accrual and income tax provision in the period in which matters are effectively settled with tax authorities at amounts different from our established accrual, when the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. We include our tax contingencies accrual, including accrued penalties and interest, in Other Long-term Liabilities on the Consolidated Balance Sheets unless the liability is expected to be paid within one year. Changes to the tax contingencies accrual, including accrued penalties and interest, are included in Provision (**Benefit**) for Income Taxes on the Consolidated and Combined Statements of **Income (**Loss**)**. **Income**.

Revenue Recognition

We recognize revenue based on the amount we expect to receive when control of the goods or services is transferred to our customer. We recognize sales upon customer receipt of merchandise, which for direct channel revenues reflect an estimate of shipments that have not yet been received by our customer based on shipping terms and historical delivery times. Our shipping and handling revenues are included in Net Sales with the related costs included in Costs of Goods Sold, Buying and Occupancy in our Consolidated and Combined Statements of **Income (**Loss**)**. **Income**. We also provide a reserve for projected merchandise returns based on historical experience and recent information. Net Sales exclude sales and other similar taxes collected from customers.

We offer certain loyalty programs that allow customers to earn points based on purchasing activity. As customers accumulate points and reach point thresholds, they can use the points to purchase merchandise in stores or online. We allocate revenue to points earned on qualifying purchases and defer recognition until the points are redeemed. The amount of revenue deferred is based on the relative stand-alone selling price method, which includes an estimate for points not expected to be redeemed based on historical experience.

We sell gift cards with no expiration dates to customers. We do not charge administrative fees on unused gift cards. We recognize revenue from gift cards when they are redeemed by the customer. In addition, we recognize revenue on unredeemed gift cards where the likelihood of the gift card being redeemed is remote and there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). Gift card breakage revenue is recognized in proportion, and over the same period, as actual gift card redemptions. We determine the gift card breakage rate based on historical redemption patterns. Gift card breakage is included in Net Sales in our Consolidated and Combined Statements of **Income (**Loss**)**. **Income**.

Revenue earned in connection with our credit card arrangements is primarily recognized based on credit card sales and usage and is included in Net Sales in the Consolidated and Combined Statements of **Income (**Loss**)**. **Income**.

We also recognize revenues associated with franchise, license, wholesale and sourcing arrangements. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale and sourcing arrangements at the time the title of merchandise passes to the partner.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in foreign currency exchange rates or interest rates. We may use derivative financial instruments like foreign currency forward contracts, cross-currency swaps and interest rate swap arrangements to manage exposure to market risks. We do not use derivative financial instruments for trading purposes.

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Foreign Exchange Rate Risk

We have operations and investments in unconsolidated entities in foreign countries which expose us to market risk associated with foreign currency exchange rate fluctuations. Our Canadian dollar and Chinese Yuan denominated earnings are subject to exchange rate risk as substantially all our merchandise sold in Canada and China is sourced through U.S. dollar transactions. From time to time we may adjust our exposure to foreign currency exchange rate risk by entering into foreign currency forward contracts, however, these measures may not succeed in offsetting all the short-term impact of foreign currency rate movements and generally may not be effective in offsetting the long-term impact of sustained shifts in foreign currency rates.

Further, although our royalty arrangements with our international partners are denominated in U.S. dollars, the royalties we receive in U.S. dollars are calculated based on sales in the local currency. As a result, our royalties in these arrangements are exposed to foreign currency exchange rate fluctuations.

Interest Rate Risk

Our investment portfolio primarily consists of interest-bearing instruments that are classified as cash and cash equivalents based on their original maturities. Our investment portfolio is maintained in accordance with our investment policy, which specifies permitted types of investments, specifies credit quality standards and maturity profiles and limits credit exposure to any single issuer. The primary objective of our investment activities is the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. As of **January 28, 2023** **February 3, 2024**, our investment portfolio is primarily comprised of bank deposits. Given the short-term nature and quality of investments in our portfolio, we do not believe there is any material risk to principal associated with increases or decreases in interest rates.

Our outstanding long-term debt as of **January 28, 2023** **February 3, 2024** consists of the 2029 Notes, which have a fixed interest rate, the **\$395 million** **\$391 million** in outstanding borrowing under the Term Loan Facility, which has a variable interest rate based on **LIBOR**, **Term SOFR**, and the **\$295 million** **\$145 million** in outstanding borrowing under the ABL Facility, which has a variable interest rate based on **LIBOR**, **Term SOFR**. Our exposure to interest rate changes is limited to the fair value of the debt issued as well as the interest we pay on the Term Loan Facility and the ABL Facility, which we believe would not have a material impact on our earnings or cash flows.

Fair Value of Financial Instruments

The following table provides a summary of the principal value and estimated fair value of our outstanding debt as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

		January 28, 2023	January 29, 2024
		2023	2022
		February 3, 2024	
		February 3, 2024	January 28, 2023
Principal Value	Principal Value	(in millions)	(in millions)
Fair Value, Estimated	Fair Value, Estimated		
(a)	(a)	894	975

(a) The estimated fair value of our publicly traded debt is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC 820, *Fair Value Measurement*. The estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange.

As of **January 28, 2023** **February 3, 2024**, we believe that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. We further believe the principal value of the outstanding debt under the ABL Facility approximates its fair value as of **January 28, 2023** **February 3, 2024** based on the terms of the borrowings under the ABL Facility.

Concentration of Credit Risk

We maintain cash and cash equivalents with various major financial institutions. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. As of **January 28, 2023** **February 3, 2024**, our investment portfolio is primarily comprised of bank deposits. We also periodically review

the relative credit standing of franchise, license and wholesale partners and other entities to which we grant credit terms in the normal course of business.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

**VICTORIA'S SECRET & CO.
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Our fiscal year ends on the Saturday nearest to January 31. Fiscal years are designated in the Consolidated and Combined Financial Statements and Notes by the calendar year in which the fiscal year commences. The results for 2022, 2021 and 2020 2023 refer to the 52-week fifty-three-week period ended February 3, 2024 and the results for 2022 and 2021 refer to the fifty-two-week periods ended January 28, 2023, and January 29, 2022 and January 30, 2021, respectively.

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 28, 2023 February 3, 2024. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria").

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of January 28, 2023 excluded Adore Me which was acquired by the Company on December 30, 2022. Total assets recorded by the Company related to this acquisition represented 14.3% (inclusive of acquired intangible assets) of the Company's consolidated total assets as of January 28, 2023. Companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company under guidelines established by the Securities and Exchange Commission.

Based on our assessment and the COSO criteria, management believes that the Company maintained effective internal control over financial reporting as of January 28, 2023 February 3, 2024.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. Ernst & Young LLP's report appears on the following page and expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of January 28, 2023 February 3, 2024.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Victoria's Secret & Co.

Opinion on Internal Control over Financial Reporting

We have audited Victoria's Secret & Co.'s internal control over financial reporting as of January 28, 2023 February 3, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Victoria's Secret & Co. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 28, 2023 February 3, 2024, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of AdoreMe, Inc., which is included in the January 28, 2023 consolidated financial statements of the Company and constituted 14.3% of total assets, as of January 28, 2023. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of AdoreMe, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, the related consolidated and combined statements of income, (loss), comprehensive income, (loss), equity and cash flows for each of the three years in the period ended January 28, 2023 February 3, 2024, and the related notes and our report dated March 17, 2023 March 22, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
March 17, 2023 22, 2024

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Victoria's Secret & Co.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Victoria's Secret & Co. (the Company) as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, the related consolidated and combined statements of income, (loss), comprehensive income, (loss), equity and cash flows for each of the three years in the period ended January 28, 2023 February 3, 2024, and the related notes (collectively referred to as the "consolidated and combined financial statements"). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company at January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023, and the results of its operations and its cash flows for each of the three years in the period ended January 28, 2023 February 3, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 28, 2023 February 3, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 17, 2023 March 22, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters Matter

The critical audit **matters matter** communicated below **are matters is a matter** arising from the current period audit of the financial statements that **were was** communicated or required to be communicated to the audit committee and that: (1) **relate relates** to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit **matters matter** does not alter in any way our opinion on the consolidated and combined financial statements, taken as a whole, and we are not, by communicating the critical audit **matters matter** below, providing a separate opinion on the critical audit **matters matter** or on the **accounts account** or **disclosures disclosure** to which **they relate, it relates.**

Reserve for Store Inventory Losses

Description of the Matter As described in Note 7 to the consolidated and combined financial statements, the Company had inventories of **\$1.052 billion** **\$985 million** as of **January 28, 2023** **February 3, 2024**, which included finished goods of **\$997 million** **\$929 million**. Inventories were principally valued at the lower of cost or net realizable value, on an average cost basis. The most significant and judgmental portion of the inventory reserves related to the reserve for store inventory losses. Management applied judgment to determine its reserve for store inventory losses that have occurred since the date of the last physical inventory. The Company calculated the reserve for store inventory losses based on actual inventory losses identified as a result of store physical inventory counts during each fiscal period and estimated inventory losses occurring between physical inventory counts. The estimate for store inventory losses occurring in the interim period between the most recent physical inventory count and year-end was calculated on a store-specific basis and was primarily based on recent inventory loss results. Management considered historical **store** inventory losses taken and current consumer behavior to estimate the reserve for store inventory losses.

Auditing management's estimate of the reserve for inventory losses on finished goods required us to make subjective auditor judgments because the estimate was impacted by management's assumptions about the appropriateness of historical data used and its applicability to current period consumer behavior.

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How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process to determine the valuation of the Company's store inventory loss reserve. This included controls over the Company's review of the significant assumptions underlying the reserve estimate.

To test the Company's reserve for store inventory losses, our audit procedures included, among others, testing the accuracy and completeness of the underlying data used in the estimation calculation and evaluating significant assumptions (e.g., historical data used and its applicability to current period consumer behavior) used in management's store inventory loss valuation assessment. We also obtained an understanding of inventory loss activity trends at a store level, and performed a sensitivity analysis to evaluate changes in the estimate that would result from changes in management's significant assumptions.

Valuation of Certain Acquired Intangible Assets and Contingent Consideration

Description of the Matter

As described in Note 2 to the consolidated and combined financial statements, on December 30, 2022, the Company completed the acquisition of AdoreMe, Inc. ("Adore Me") for a total net purchase price of approximately \$537 million, including the fair value of future contingent consideration payments. The transaction was accounted for in accordance with the acquisition method of accounting for a business combination. The Company's accounting for this acquisition included determining the preliminary fair value of: a) the intangible assets acquired, which primarily included trade name, customer relationships and developed technology intangible assets; and b) contingent consideration obligations.

Auditing the Company's preliminary accounting for its acquisition of Adore Me was complex and subjective due to the significant estimation uncertainty in determining the estimated fair values of the trade name of \$43 million, customer relationships of \$81 million, developed technology intangible assets of \$56 million and contingent consideration obligation of \$98 million. The Company used the relief from royalty method to value the trade name and developed technology intangible assets, the multi-period excess earnings method to value the customer relationships intangible assets and a combination of a scenario-based method and a Monte Carlo simulation to measure the estimation components of the contingent consideration. The significant assumptions used to estimate the fair values of the trade name and developed technology intangible assets included the forecasted revenues, the royalty rates and the discount rate. The significant assumptions used to estimate the fair values of the customer relationships included the forecasted revenues, customer attrition rates and the discount rate. The significant assumptions used to estimate the fair value of the contingent consideration obligation included the discount rates, estimated probability of achievement of certain milestones, forecasted revenues, forecasted EBITDA and volatility rates. These significant assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process for accounting for the intangible assets acquired and the contingent consideration obligation. For example, we tested controls over management's review of the valuation methodologies and key assumptions used to estimate fair value, as well as management's controls over the completeness and accuracy of the information used within the valuation models.

To test the estimated preliminary fair values of the trade name, customer relationships, developed technology intangible assets and contingent consideration, our audit procedures included, among others, reading the purchase agreement, assessing the appropriateness of the valuation methodologies used, evaluating the significant assumptions discussed above, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For the forecasted revenues and estimated future cash flows, we compared the assumptions to current industry and economic trends, the historical financial performance of the acquired business, and forecasted performance of certain peer companies. For the contingent consideration, we considered the terms of the arrangement, including the conditions which must be met for the contingent consideration to become payable. We performed sensitivity analyses to evaluate the changes in the fair values that would result from changes in the significant assumptions. We involved our valuation specialists to assist in evaluating the methodologies used to estimate the fair value of the trade name, customer relationships, developed technology intangible assets and contingent consideration and to test certain significant assumptions, including the customer attrition rates, royalty rates, volatility and discount rates, which included a comparison of the selected rates to benchmark data.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

Grandview Heights, Ohio
March 17, 2023 22, 2024

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VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME (LOSS)
(in millions except per share amounts)

	2022	2021	2020
Net Sales	\$ 6,344	\$ 6,785	\$ 5,413
Costs of Goods Sold, Buying and Occupancy	(4,086)	(4,025)	(3,842)
Gross Profit	2,258	2,760	1,571
General, Administrative and Store Operating Expenses	(1,780)	(1,890)	(1,672)
Operating Income (Loss)	478	870	(101)
Interest Expense	(60)	(27)	(6)
Other Income (Loss)	(1)	—	1
Income (Loss) Before Income Taxes	417	843	(106)
Provision (Benefit) for Income Taxes	79	197	(34)
Net Income (Loss)	338	646	(72)
Less: Net Loss Attributable to Noncontrolling Interest	(10)	—	—
Net Income (Loss) Attributable to Victoria's Secret & Co.	\$ 348	\$ 646	\$ (72)
Net Income (Loss) Per Basic Share Attributable to Victoria's Secret & Co.	\$ 4.24	\$ 7.34	\$ (0.82)

Net Income (Loss) Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 4.14	\$ 7.18	\$ (0.82)
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	2023	2022	2021
Net Sales	\$ 6,182	\$ 6,344	\$ 6,785
Costs of Goods Sold, Buying and Occupancy	(3,940)	(4,086)	(4,025)
Gross Profit	2,242	2,258	2,760
General, Administrative and Store Operating Expenses	(1,996)	(1,780)	(1,890)
Operating Income	246	478	870
Interest Expense	(99)	(60)	(27)
Other Loss	—	(1)	—
Income Before Income Taxes	147	417	843
Provision for Income Taxes	31	79	197
Net Income	116	338	646
Less: Net Income (Loss) Attributable to Noncontrolling Interest	7	(10)	—
Net Income Attributable to Victoria's Secret & Co.	\$ 109	\$ 348	\$ 646
Net Income Per Basic Share Attributable to Victoria's Secret & Co.	\$ 1.41	\$ 4.24	\$ 7.34
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$ 1.39	\$ 4.14	\$ 7.18

VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	2022	2021	2020
Net Income (Loss)	\$338	\$646	\$(72)
	2023	2023	2022
Net Income			
Other	Other		
Comprehensive	Comprehensive		
Income (Loss),	Income (Loss),		
Net of Tax:	Net of Tax:		
Foreign	Foreign		
Currency	Currency		
Translation	Translation	(7) 1 (3)	
Foreign Currency Translation			
Foreign Currency Translation			
Amounts	Amounts		
Reclassified	Reclassified		
from	from		
Accumulated	Accumulated		
Other	Other		
Comprehensive	Comprehensive		
Income to Paid-	Income to Paid-		
in Capital	in Capital	3 — —	
Reclassification of Foreign			
Currency Translation to Earnings		— — 36	
Total Other	Total Other		
Comprehensive	Comprehensive		
Income (Loss),	Income (Loss),		
Net of Tax	Net of Tax	\$ (4) \$ 1 \$ 33	
Total Comprehensive Income			
(Loss)		334 647 (39)	
Less: Net Loss Attributable to			
Noncontrolling Interest		(10) — —	

Total Other Comprehensive Income (Loss), Net of Tax	
Total Other Comprehensive Income (Loss), Net of Tax	
Total	
Comprehensive Income	
Less: Net Income (Loss)	
Attributable to Noncontrolling Interest	
Less: Foreign Currency Translation Attributable to Noncontrolling Interest	—
Comprehensive Income (Loss) Attributable to Victoria's Secret & Co.	\$344 <u>\$647</u> <u>\$(39)</u>
Comprehensive Income Attributable to Victoria's Secret & Co.	

The accompanying Notes are an integral part of these Consolidated and Combined Financial Statements.

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VICTORIA'S SECRET & CO.
CONSOLIDATED BALANCE SHEETS
(in millions except par value amounts)

		January 28, 2023	January 29, 2022		February 3, 2024	February 3, 2024	January 28, 2023
ASSETS	ASSETS						
Current Assets:		Current Assets:					
Current Assets:							
Cash and Cash Equivalents		Cash and Cash Equivalents		\$ 427	\$ 490		
Accounts Receivable, Net		Accounts Receivable, Net		141	162		
Inventories		Inventories		1,052	949		
Other		Other		117	90		
Total Current Assets	Total Current Assets			1,737	1,691		

Property and Equipment, Net	Property and Equipment, Net	846	957
Operating Lease Assets	Operating Lease Assets	1,232	1,369
Goodwill	Goodwill	365	—
Trade Names	Trade Names	289	246
Other Intangible Assets		137	—
Other Intangible Assets, Net			
Deferred Income Taxes	Deferred Income Taxes	18	17
Other Assets	Other Assets	87	64
Total Assets	Total Assets	\$4,711	\$4,344
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY		
Current Liabilities:	Current Liabilities:		
Current Liabilities:			
Accounts Payable			
Accounts Payable			
Accounts Payable	Accounts Payable	\$ 481	\$ 538
Accrued Expenses and Other	Accrued Expenses and Other	737	714
Current Debt	Current Debt	4	4
Current Operating Lease Liabilities	Current Operating Lease Liabilities	310	340
Income Taxes	Income Taxes	47	102
Total Current Liabilities			
Total Current Liabilities			
Total Current Liabilities	Total Current Liabilities	1,579	1,698
Deferred Income Taxes	Deferred Income Taxes	53	58
Long-term Debt	Long-term Debt	1,271	978
Long-term Operating Lease Liabilities	Long-term Operating Lease Liabilities	1,201	1,314
Other Long-term Liabilities	Other Long-term Liabilities	206	39
Total Liabilities	Total Liabilities	4,310	4,087
Shareholders' Equity:	Shareholders' Equity:		
Preferred Stock —\$0.01 par value; 10 shares authorized; none issued	Preferred Stock —\$0.01 par value; 10 shares authorized; none issued	—	—

Common Stock—\$0.01 par value; 1,000 shares authorized; 80 and 85 shares issued; 80 and 85 shares outstanding, respectively	1	1
Preferred Stock—\$0.01 par value; 10 shares authorized; none issued		
Preferred Stock—\$0.01 par value; 10 shares authorized; none issued		
Common Stock —\$0.01 par value; 1,000 shares authorized; 78 and 80 shares issued; 78 and 80 shares outstanding, respectively		
Paid-in Capital	Paid-in Capital	195 125
Accumulated Other	Accumulated Other	
Comprehensive Income	Comprehensive Income	1 5
Retained Earnings	Retained Earnings	186 126
Total Victoria's Secret & Co. Shareholders' Equity	Total Victoria's Secret & Co. Shareholders' Equity	383 257
Total Victoria's Secret & Co. Shareholders' Equity		
Total Victoria's Secret & Co. Shareholders' Equity		
Noncontrolling Interest	Noncontrolling Interest	18 —
Total Equity	Total Equity	401 257
Total Liabilities and Equity	Total Liabilities and Equity	\$4,711 \$4,344

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(in millions)

	Total										Common Stock	
	Common Stock			Net Investment			Accumulated by Former Parent			Victoria's Secret & Co.	Noncontrolling Interest	Total Equity
	Shares Outstanding	Par Value	Paid-in Capital	Investment by Parent	Other Income (Loss)	Retained Earnings	Treasury Stock	Equity	Interest	Equity		
	Outstanding	Value	Capital	Parent	Income (Loss)	Earnings	Stock	Equity	Interest	Equity		
Balance, February 1, 2020	—	\$ —	\$ —	\$ 1,341	\$ (29)	\$ —	\$ —	\$ 1,312	\$ 2	\$ 1,314		
Net Loss	—	—	—	(72)	—	—	—	(72)	—	(72)		
Other Comprehensive Income	—	—	—	—	33	—	—	33	—	33		
Total Comprehensive Income (Loss)	—	—	—	(72)	33	—	—	(39)	—	(39)		
Net Transfers to Former Parent	—	—	—	(382)	—	—	—	(382)	—	(382)		
Other	—	—	—	—	—	—	—	—	(2)	(2)		

Balance, January 30, 2021										
Balance, January 30, 2021										
Balance, January 30, 2021	Balance, January 30, 2021	—	\$ —	\$ —	\$ 887	\$ 4	\$ —	\$ —	\$ 891	\$ —
Net Income	Net Income	—	—	—	328	—	318	—	646	—
Other Comprehensive Income	Other Comprehensive Income	—	—	—	—	1	—	—	1	—
Total Comprehensive Income	Total Comprehensive Income	—	—	—	328	1	318	—	647	—
Net Transfers to Former Parent	Net Transfers to Former Parent	—	—	—	(1,053)	—	—	—	(1,053)	—
Transfer of Capital	Transfer of Capital	—	—	162	(162)	—	—	—	—	—
Issuance of Common Stock	Issuance of Common Stock	88	1	—	—	—	—	—	1	—
Repurchase of Common Stock	Repurchase of Common Stock	(4)	—	(50)	—	—	—	(200)	(250)	—
Treasury Share Retirement	Treasury Share Retirement	—	—	(8)	—	—	(192)	200	—	—
Share-based Compensation and Other	Share-based Compensation and Other	1	—	21	—	—	—	—	21	—
Balance, January 29, 2022	Balance, January 29, 2022	85	\$ 1	\$ 125	\$ —	\$ 5	\$ 126	\$ —	\$ 257	\$ —
Balance, January 29, 2022										
Net Income (Loss)	Net Income (Loss)	—	—	—	—	—	348	—	348	(10)
Other Comprehensive Loss	Other Comprehensive Loss	—	—	—	—	(4)	—	—	(4)	—
Total Comprehensive Income (Loss)	Total Comprehensive Income (Loss)	—	—	—	—	(4)	348	—	344	(10)
Sale of Noncontrolling Interest	Sale of Noncontrolling Interest	—	—	17	—	—	—	—	17	28
Sale of Noncontrolling Interest										
Repurchases of Common Stock	Repurchases of Common Stock	(6)	—	50	—	—	—	(300)	(250)	—
Treasury Share Retirement	Treasury Share Retirement	—	—	(12)	—	—	(288)	300	—	—
Repurchases of Common Stock										
Repurchases of Common Stock										
Treasury Share Retirements	Treasury Share Retirements	—	—	—	—	—	—	—	—	—
Share-based Compensation Expense	Share-based Compensation Expense	—	—	48	—	—	—	—	48	—

Tax Payments	Tax Payments										
related to Share-based Awards	related to Share-based Awards	(1)	—	(42)	—	—	—	—	(42)	—	(42)
Other	Other	2	—	9	—	—	—	—	9	—	9
Balance, January 28, 2023	Balance, January 28, 2023	80	\$ 1	\$ 195	\$ —	\$ 1	\$ 186	\$ —	\$ 383	\$ 18	\$ 401
Net Income											
Other											
Comprehensive Loss											
Total Comprehensive Income (Loss)											
Repurchases of Common Stock											
Repurchases of Common Stock											
Repurchases of Common Stock											
Treasury Share Retirements											
Share-based Compensation Expense											
Tax Payments related to Share-based Awards											
Distribution to Noncontrolling Interest											
Other											
Balance, February 3, 2024											

The accompanying Notes are an integral part of these Consolidated and Combined Financial Statements.

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VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(in millions)

	2023	2023	2022	2021
Operating Activities:				
Net Income				
Net Income				
Net Income				
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization of Long-lived Assets				

Depreciation and Amortization of Long-lived Assets			
Depreciation and Amortization of Long-lived Assets			
Share-based Compensation Expense			
Amortization of Fair Value Adjustment to Acquired Inventories			
Deferred Income Taxes			
	2022	2021	2020
Operating Activities:			
Net Income (Loss)	\$338	\$ 646	\$(72)
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Provided by Operating Activities:			
Depreciation of Long-lived Assets	274	303	326
Share-based Compensation Expense	48	33	25
Deferred Income Taxes	(28)	1	(64)
Asset Impairment Charges	—	—	254
Gain related to Formation of U.K. Joint Venture	—	—	(54)
Gain from Hong Kong Store Closure and Lease Termination	—	—	(39)
Changes in Assets and Liabilities, Net of Assets and Liabilities related to the Acquisition:			
Changes in Assets and Liabilities, Net of Assets and Liabilities related to the Acquisition:			
Changes in Assets and Liabilities, Net of Assets and Liabilities related to the Acquisition:			
Accounts Receivable			
Accounts Receivable			
Accounts Receivable	22	(21)	36
Inventories	—	(247)	141
Accounts Payable, Accrued Expenses and Other			
Accounts Payable, Accrued Expenses and Other	(163)	173	49
Income Taxes	(67)	119	(25)

	Other			
Other Assets and Liabilities	Assets and Liabilities	13	(156)	97
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	437	851	674
Investing Activities:	Investing Activities:			
Capital Expenditures				
Capital Expenditures				
Capital Expenditures				
Acquisition, Net of Cash Acquired	Acquisition, Net of Cash Acquired	(369)	—	—
Capital Expenditures		(164)	(169)	(127)
Investment in Frankies Bikinis, LLC	Investment in Frankies Bikinis, LLC	(18)	—	—
Other Investing Activities	Other Investing Activities	(4)	—	4
Net Cash Used for Investing Activities	Net Cash Used for Investing Activities	(555)	(169)	(123)
Financing Activities:	Financing Activities:			
Repayments of Borrowings from Asset-based Revolving Credit Facility				
Repayments of Borrowings from Asset-based Revolving Credit Facility				
Repayments of Borrowings from Asset-based Revolving Credit Facility				
Borrowings from Asset-based Revolving Credit Facility	Borrowings from Asset-based Revolving Credit Facility	295	—	—
Repurchases of Common Stock	Repurchases of Common Stock	(250)	(250)	—
Tax Payments related to Share-based Awards				
Payments of Long-term Debt				
Proceeds from Stock Option Exercises				
Cash Received from Noncontrolling Interest Holder	Cash Received from Noncontrolling Interest Holder	55	—	—
Tax Payments related to Share-based Awards		(42)	(4)	—

Proceeds from Stock Option			
Exercises	5	5	—
Payments of Long-term Debt	(4)	(1)	—
Net Transfers to			
Former Parent			
Proceeds from	Proceeds from		
Issuance of Long-term Debt, Net of	Issuance of Long-term		
Issuance Costs and Discounts	Debt, Net of		
	Issuance Costs		
	and Discounts	—	982
Net Transfers to Former Parent	—	(1,253)	(407)
Borrowings from Foreign Facilities	—	—	34
Repayments of Foreign Facilities	—	—	(189)
Borrowing from Former Parent	—	—	97
Other Financing Activities			
Other Financing Activities			
Other Financing Activities	Other		
	Financing		
	Activities	(1)	(6)
Net Cash Provided by (Used for)	Net Cash		
Financing Activities	Provided by		
	(Used for)		
	Financing		
	Activities	58	(527)
			(465)
Effects of Exchange Rate	Effects of Exchange Rate		
Changes on Cash and Cash Equivalents	Changes on Cash and Cash Equivalents		
	Equivalents	(3)	—
Net Increase (Decrease) in Cash and Cash Equivalents	Net Increase (Decrease) in Cash and Cash Equivalents		
		(63)	155
			90
Cash and Cash Equivalents, Beginning of Period	Cash and Cash Equivalents, Beginning of Period		
		490	335
			245
Cash and Cash Equivalents, End of Period	Cash and Cash Equivalents, End of Period	\$427	\$ 490
			\$335

The accompanying Notes are an integral part of these Consolidated and Combined Financial Statements.

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VICTORIA'S SECRET & CO.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Victoria's Secret & Co. is a specialty retailer of women's intimate and other apparel and beauty products marketed under the Victoria's Secret, PINK and Adore Me brand names. The Company has more than approximately 910 stores in the U.S., Canada and China as well as its own websites, www.VictoriasSecret.com, www.PINK.com and www.AdoreMe.com and other online digital channels worldwide. Additionally, the Company has approximately 450 more than 460 stores in approximately nearly 70 countries operating under franchise, license and wholesale arrangements. The Company also includes the merchandise sourcing and production function serving the Company and its international partners. The Company operates as a single segment designed to serve customers worldwide seamlessly through stores and online channels.

On November 1, 2022 December 30, 2022, the Company announced that it had signed a Merger Agreement to acquire 100% completed its acquisition of Adore Me. On December 30, 2022, the acquisition was completed pursuant to the terms and conditions of the Merger Agreement. Me, a digitally-native intimates brand. For additional information, see Note 2, "Acquisition."

In July 2022, the Company announced a new, simplified corporate leadership structure designed to unite the Company's brands, better align its teams with a shifting consumer landscape and enable better execution of its strategy. The restructuring eliminated approximately 160 management roles, or approximately 5% of the Company's home office headcount. In the fourth quarter of 2022 and in the first quarter of 2023, the Company executed implemented additional restructuring actions to continue to reorganize and improve its organizational structure. For additional information, see Note 6, "Restructuring Activities."

Victoria's Secret & Co. Spin-Off

On July 9, 2021, L Brands announced that its Board of Directors approved the previously announced separation of the Victoria's Secret business, including PINK, into an independent, publicly traded company. Prior to the Separation, L Brands operated the Bath & Body Works, Victoria's Secret and PINK retail brands.

On August 2, 2021, after the New York Stock Exchange market closing, the Separation of the Victoria's Secret business was completed. On August 3, 2021, Victoria's Secret & Co. became an independent, publicly traded company trading on the NYSE under the stock symbol "VSCO."

The Separation was achieved through the Former Parent's distribution of 100% of the shares of the Company's common stock to holders of the Former Parent's common stock as of the close of business on the record date of July 22, 2021. The Former Parent's stockholders of record received one share of the Company's common stock for every three shares of the Former Parent's common stock. In connection with the Separation, the Company made a cash payment of approximately \$976 million to the Former Parent on August 2, 2021 from the issuances of certain debt (discussed in Note 13, "Long-term Debt and Borrowing Facilities"). The Former Parent retained no ownership interest in the Company following the Separation.

The Company entered into several agreements with the Former Parent that, among other things, effect the Separation and govern the relationship of the parties following the Separation, including a Separation and Distribution Agreement, a Tax Matters Agreement, an L Brands to VS Transition Services Agreement, a VS to L Brands Transition Services Agreement, an Employee Matters Agreement and a Domestic Transportation Services Agreement. For additional information, see Note 3, "Transactions with Former Parent."

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "2022," "2023" refers to the fifty-three-week period ended February 3, 2024 and "2022" and "2021" and "2020" refer to the 52-week fifty-two-week periods ended January 28, 2023, and January 29, 2022 and January 30, 2021, respectively.

Basis of Presentation - Consolidated and Combined Financial Statements

The Company's financial statements for periods through the Separation date of August 2, 2021 are combined financial statements prepared on a "carve-out" basis as discussed below. The Company's financial statements for the period from August 3, 2021 through January 28, 2023 February 3, 2024 are consolidated financial statements based on the reported results of Victoria's Secret & Co. as a standalone company.

The Consolidated and Combined Financial Statements have been prepared in conformity with GAAP. The Consolidated and Combined Financial Statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as an independent company during all of the periods presented.

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Basis of Presentation - Prior to Separation

Through the Separation date, the Company's combined financial statements are prepared on a "carve-out" basis. The Combined Financial Statements have been derived from the consolidated financial statements and accounting records of the Former Parent in conformity with GAAP.

Intracompany transactions have been eliminated. Transactions between the Company and the Former Parent have been included in these financial statements.

For the periods prior to the Separation, certain of the Former Parent's assets and liabilities that were specifically identifiable or otherwise attributable to the Company were included in the Company's balance sheets. For the periods prior to the Separation, the Former Parent's third-party long-term notes payable and the related interest expense were not allocated to the Company as the Company was not the legal obligor of such debt.

For the periods prior to the Separation, the Former Parent utilized a centralized approach to cash management and financing its operations. The cash and cash equivalents held by the Former Parent at the corporate level were not specifically identifiable to the Company and, therefore, were not reflected in the Company's balance sheets. Cash transfers between the Former Parent and the Company were accounted for through Net Investment by Former Parent. Cash and cash equivalents that are included in the Company's balance sheets for the periods prior to the Separation represent cash and cash equivalents held by the Company prior to any potential transfer to the centralized cash management pool of the Former Parent.

For the periods prior to the Separation, the Consolidated and Combined Statements of Income (Loss) include costs for certain functions, including information technology, human resources and store design and construction, that historically were provided and administered on a centralized basis by the Former Parent. Starting in the third quarter of 2020, as part of the steps to prepare the Company to operate as a separate, standalone company, these functions were transitioned to the business and began to be operated and administered as part of Victoria's Secret & Co. For additional information, see Note 6, "Restructuring Activities." Costs applicable to the Company related to these functions are included in the Consolidated and Combined Statements of Income (Loss) for all periods presented. Prior to the transition of these functions, these costs were directly charged to the Company by the Former Parent.

In addition, for purposes of preparing the combined financial statements on a "carve-out" basis prior to the Separation, a portion of the Former Parent's corporate expenses were allocated to the Company. These expense allocations include the cost of corporate functions and resources provided by, or administered by, the Former Parent including, but not limited to, executive management and other corporate and governance functions, such as corporate finance, internal audit, tax and treasury. The related employee payroll and benefit costs associated with such functions, such as share-based compensation, were included in the expense allocations. Corporate expenses of \$49 million and \$77 million in 2021 and 2020, respectively, were allocated and included within General, Administrative and Store Operating Expenses in the 2021 Consolidated and Combined Statements Statement of Income (Loss). Income.

Costs were allocated to the Company based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net sales. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, the Company during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred if the Company had been a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic or capital decisions. Going forward, the Company may perform these functions using its own resources or outsourced services. For a period following the Separation, however, some of these functions will continue to be provided by the Former Parent under a transition services agreement, and the Company will provide some services to the Former Parent under a transition services agreement. The Company has also entered into certain commercial arrangements with the Former Parent in connection with the Separation. For more information, see Note 3, "Transactions with Former Parent."

During the periods prior to the Separation that are presented in these Consolidated and Combined Financial Statements, the Company's income tax expense (benefit) and deferred tax balances were included in the Former Parent's income tax returns. Income tax expense (benefit) and deferred tax balances contained in these Consolidated and Combined Financial Statements for periods prior to the Separation are presented on a separate return basis, as if the Company had filed its own income tax returns. As a result, actual tax transactions included in the consolidated financial statements of the Former Parent may or may not be included in the Consolidated and Combined Financial Statements of the Company. Similarly, the tax treatment of certain items reflected in the Consolidated and Combined Financial Statements of the Company may or may not be reflected in the consolidated financial statements and income tax returns of the Former Parent. The taxes recorded in the Consolidated and Combined Statements of Income (Loss) for periods prior to the Separation are not necessarily representative of the taxes that may arise in the future when the Company files its income tax returns independent from the Former Parent's returns.

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Impacts of Macroeconomic Environment

The Company's operations and financial performance have been adversely impacted by deterioration in economic conditions in the United States and globally, which were caused in part by the COVID-19 pandemic. The current macroeconomic environment is characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets and growing recession risk. Such macroeconomic conditions have and could continue to adversely affect the Company's business, for example, by reducing consumer demand for our products and leading to decreased sales.

Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, demand deposits with financial institutions, credit and debit card receivables and highly liquid investments with original maturities of 90 days or less. As of February 3, 2024, bank overdrafts of \$55 million were classified as Accounts Payable in the Consolidated Balance Sheet because the legal right of offset did not exist. The Company's Cash and Cash Equivalents are considered Level 1 fair value measurements as they are valued using unadjusted quoted prices in active markets for identical assets.

Concentration of Credit Risk

The Company maintains cash and cash equivalents with various major financial institutions. The Company monitors the relative credit standing of financial institutions with whom the Company transacts and limits the amount of credit exposure with any one entity. The Company's investment portfolio is primarily comprised of bank deposits.

The Company also periodically reviews the relative credit standing of franchise, license and wholesale partners and other entities to which the Company grants credit terms in the normal course of business. The Company determines the required allowance for expected credit losses using information such as customer credit history and financial condition. Amounts are charged against the allowance when it is determined that expected credit losses may occur.

Inventories

Inventories are principally valued at the lower of cost or net realizable value, on an average cost basis.

The Company records valuation adjustments to its inventories if the cost of inventory on hand exceeds the amount it expects to realize from the ultimate sale or disposal of the inventory. These estimates are based on management's judgment regarding future demand and market conditions and analysis of historical experience.

The Company also records inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results, operating trends and consumer behavior.

Advertising Costs

Advertising and marketing costs are expensed at the time the promotion first appears in media, or in the store or when the advertising is mailed. Advertising and marketing costs totaled \$454 million for 2023, \$344 million for 2022 and \$334 million for 2021 and \$239 million for 2020, 2021.

Property and Equipment

The Company's property and equipment are recorded at cost and depreciation is computed on a straight-line basis using the following depreciable life ranges:

Category of Property and Equipment	Depreciable Life Range
Software, including software developed for internal use	3 - 5 years
Furniture, fixtures and equipment	3 - 10 years
Leasehold improvements	Shorter of lease term or 10 years
Non-store related building and site improvements	10 - 15 years
Other property and equipment	20 years
Buildings	30 years

When a decision has been made to dispose of property and equipment prior to the end of the previously estimated useful life, depreciation estimates are revised to reflect the use of the asset over the shortened estimated useful life. The Company's cost of assets sold or retired and the related accumulated depreciation are removed from the accounts with any resulting gain or loss included in net **income (loss)**. **income**. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend useful lives are capitalized.

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Long-lived store assets, which include leasehold improvements, store related assets and operating lease assets, **(subsequent to the adoption of ASC 842, Leases)**, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Store assets are grouped at the lowest level for which they are largely independent of other assets or asset groups. If the estimated undiscounted future cash flows related to the asset group are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the estimated fair value, determined by the estimated discounted future cash flows of the asset group. For operating lease assets, the Company determines the fair value of the assets by comparing the contractual rent payments to estimated market rental rates. An individual asset within an asset group is not impaired below its estimated fair value. The fair value of long-lived store assets is determined using Level 3 inputs within the fair value hierarchy.

Leases and Leasehold Improvements

The Company leases retail space, office space, warehouse facilities, storage space, equipment and certain other items under operating leases. A substantial portion of the Company's leases are operating leases for its stores, which generally have an initial term of 10 years. Annual store rent consists of a fixed minimum amount and/or variable rent based on a percentage of sales exceeding a stipulated amount. Store lease terms generally also require additional payments covering certain operating costs such as common area maintenance, utilities, insurance and taxes. Certain leases contain predetermined fixed escalations of minimum rentals or require periodic adjustments of minimum rentals, depending on an index or rate. Additionally, certain leases contain incentives, such as construction allowances from landlords and/or rent abatements subsequent to taking possession of the leased property.

At the date of control of the leased asset, the Company recognizes an asset for the right to use the leased asset and a liability based on the present value of the unpaid fixed lease payments. Operating lease costs are recognized on a straight-line basis as lease expense over the lease term. Variable lease payments associated with the Company's leases are recognized upon occurrence of the event or circumstance on which the payments are assessed. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet, and lease expense is recognized on a straight-line basis over the lease term.

For leases entered into or reassessed after the adoption of ASC 842, *Leases*, the Company has elected the practical expedient allowed by the standard to account for all fixed consideration in a lease as a single lease component. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities.

The Company uses its incremental borrowing rate, adjusted for collateral, to determine the present value of its unpaid lease payments.

The Company's store leases often include options to extend the initial term or to terminate the lease prior to the end of the initial term. The exercise of these options is typically at the sole discretion of the Company. These options are included in determining the initial lease term at lease commencement if the Company is reasonably certain to exercise the option. Additionally, the Company may operate stores for a period of time on a month-to-month basis after the expiration of the lease term.

The Company also has leasehold improvements which are amortized over the shorter of their estimated useful lives or the period from the date the assets are placed in service to the end of the initial lease term. Leasehold improvements made after the inception of the initial lease term are depreciated over the shorter of their estimated useful lives or the remaining lease term, including renewal periods, if reasonably assured.

Intangible Assets

The Company has certain intangible assets resulting from business combinations and acquisitions that are recorded at cost.

The Company has goodwill resulting from the Adore Me acquisition on December 30, 2022. Goodwill is reviewed for impairment at the reporting unit level each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. The Company has the option to either first perform a qualitative assessment to determine whether it is more likely than not that each reporting unit's fair value is less than its carrying value (including goodwill), or to proceed directly to the quantitative assessment which requires a comparison of the reporting unit's fair value to its carrying value (including goodwill). If the Company determines that the fair value of a reporting unit is less than its carrying value, the Company recognizes an impairment charge equal to the difference, not to exceed the total amount of goodwill allocated to the reporting unit. The Company's reporting units are determined in accordance with the provisions of ASC 350, *Intangibles - Goodwill and Other*.

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The Victoria's Secret trade name is an intangible asset with an indefinite life. Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. The Company has the option to either first perform a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired, or to proceed directly to the quantitative assessment which requires a comparison of the fair value of the intangible asset to its carrying value. To determine if the fair value of the asset is less than its carrying amount, the Company will estimate the fair value, usually determined by the relief from royalty method under the income approach, and compare that value with its carrying amount. If the carrying value of the trade name exceeds its fair value, the Company recognizes an impairment charge equal to the difference.

The Company also has definite-lived intangible assets, which includes customer relationships, developed technology and the Adore Me trade name. Definite-lived intangible assets are amortized over their useful lives and are evaluated for impairment whenever events or circumstances indicate that a certain asset or asset group may be impaired.

Foreign Currency Translation

The functional currency of the Company's foreign operations is generally the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect as of the balance sheet date, while revenues and expenses are translated at the average exchange rates for the period. The Company's resulting translation adjustments are recorded as a component of accumulated other comprehensive income (*Loss*) in shareholders' equity. Accumulated foreign currency translation adjustments are reclassified to net income (*Loss*) when realized upon sale or upon complete, or substantially complete, liquidation of the investment in the foreign entity.

Supplier Finance Programs

The Company has agreements with designated third-party financial institutions to provide supplier finance programs which facilitate participating suppliers' ability to finance payment obligations of the Company. Participating suppliers may finance one or more payment obligations of the Company prior to their scheduled due dates and receive a discounted payment from participating financial institutions. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under these arrangements. All amounts payable to financial institutions relating to suppliers participating in these programs are recorded in **Accounts Payable** in the Consolidated Balance Sheets and were \$183 million as of February 3, 2024 and \$213 million as of January 28, 2023.

Fair Value

The authoritative guidance included in ASC 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. This authoritative guidance further establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted market prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted market prices included in Level 1, such as quoted prices of similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company estimates the fair value of financial instruments, property and equipment, goodwill, trade names, other intangible assets and contingent consideration in accordance with the provisions of ASC 820. The recorded amounts for cash and cash equivalents, accounts receivable, prepaid expenses, other current assets and current liabilities approximate fair value due to the short-term nature of these assets and liabilities.

Derivative Financial Instruments

The Company from time to time uses derivative financial instruments to manage exposure to foreign currency exchange rates. The Company does not use derivative instruments for trading purposes. All derivative instruments are recorded on the Consolidated Balance Sheets at fair value.

The earnings of the Company's foreign operations are subject to exchange rate risk as substantially all the merchandise is sourced through U.S. dollar transactions. The Company from time to time utilizes foreign currency forward contracts designated as cash flow hedges to mitigate this foreign currency exposure. Amounts for these designated cash flow hedges are reclassified from **Accumulated Other Comprehensive Income (*Loss*)** upon sale of the hedged merchandise to the customer. These gains and losses are recognized in **Costs of Goods Sold, Buying and Occupancy** in the Consolidated and Combined Statements of **Income (*Loss*)**. During the second quarter of 2021, the Company terminated its foreign currency forward contracts designated as cash flow hedges that were used to mitigate foreign currency exposure for its Canadian operations. The fair value of designated cash flow hedges is not significant for any period presented.

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Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the Company's Consolidated and Combined Statement of **Income (*Loss*)** in the period that includes the enactment date. The Company

treats the global intangible low-taxed income provision enacted as part of the U.S. Tax Cuts and Jobs Act as a current period expense. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

In determining the Company's provision for income taxes, the Company considers permanent differences between book and tax income and statutory income tax rates. The Company's effective income tax rate is affected by items including changes in tax law, the tax jurisdiction of new stores or business ventures and the level of earnings.

The Company follows a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and for which actual outcomes may differ from forecasted outcomes. The Company's policy is to include interest and penalties related to uncertain tax positions in income tax expense.

The Company's income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various tax authorities. A number of years may elapse before a particular matter for which the Company has established an accrual is audited and fully resolved or clarified. The Company adjusts its tax contingencies accrual and income tax provision in the period in which matters are effectively settled with tax authorities at amounts different from its established accrual, when the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. The Company includes its tax contingencies accrual, including accrued penalties and interest, in Other Long-term Liabilities on the Consolidated Balance Sheets unless the liability is expected to be paid within one year. Changes to the tax contingencies accrual, including accrued penalties and interest, are included in Provision (Benefit) for Income Taxes on the Consolidated and Combined Statements of **Income (Loss)**.

Self-Insurance

The Company is self-insured for medical, workers' compensation, property, general liability and automobile liability up to certain stop-loss limits. Such costs are accrued based on known claims and an estimate of incurred but not reported ("IBNR") claims. IBNR claims are estimated using historical claim information and actuarial estimates.

Equity Method Investments

The Company accounts for investments in unconsolidated entities where it exercises significant influence, but does not have control, using the equity method. Under the equity method of accounting, the Company recognizes its share of the investee's net income or loss. Losses are only recognized to the extent the Company has positive carrying value related to the investee. Carrying values are only reduced below zero if the Company has an obligation to provide funding to the investee. The Company's share of net income or loss of unconsolidated entities from which the Company purchases merchandise or merchandise components is included in Costs of Goods Sold, Buying and Occupancy in the Consolidated and Combined Statements of Income, **(Loss)**, and the Company's share of net income or loss from all other unconsolidated entities is included in General, Administrative and Store Operating Expenses in the Consolidated and Combined Statements of **Income (Loss)**. The Company's equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value.

In March 2022, the Company acquired a minority interest in swimwear brand Frankies Bikinis, LLC ("Frankies Bikinis") in exchange for \$18 million. The investment in Frankies Bikinis is accounted for using the equity method of accounting.

The total carrying value of equity method investments was **\$56** \$60 million and **\$35** \$56 million as of **January 28, 2023** February 3, 2024 and **January 29, 2022** January 28, 2023. These investments are recorded in Other Assets on the Consolidated Balance Sheets.

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Net Investment by Former Parent

Net Investment by Former Parent represents the Former Parent's historical investment in the Company, the accumulated net earnings after taxes and the net effect of the transactions with and allocations from the Former Parent. All transactions reflected in Net Investment by Former Parent have been considered as financing activities for purposes of the Consolidated and Combined Statements of Cash Flows.

For additional information, see Basis of Presentation above and Note 3, "Transactions with Former Parent."

Noncontrolling Interest

The Company accounts for investments in entities where it has control over the entity by consolidating the entities' assets, liabilities and results of operations and including them in the Company's Consolidated and Combined Financial Statements. The share of the investment not owned by the Company is reflected in Noncontrolling Interest in the Consolidated Balance Sheets. The Company recognizes the share of net income or loss not attributable to the Company in Net **Loss** **Income (Loss)** Attributable to Noncontrolling Interest in the Consolidated and Combined Statements of Income. Noncontrolling interest in fiscal year 2022 represents the portion of equity interests in a joint venture that operates the business in China that is not owned by the Company. Noncontrolling interest in fiscal year 2020 represents the portion of equity interests in a technology joint venture in India that was not owned at that time by the Company.

Share-based Compensation

Prior to the Separation, certain Company employees participated in the share-based compensation plans sponsored by the Former Parent. The Former Parent's share-based compensation awards granted to the employees of the Company consisted of the Former Parent's stock options and restricted stock. As such, prior to the Separation, the awards granted to Company employees are reflected in Net Investment by Former Parent within the Consolidated and Combined Statements of Equity at the time they were expensed. Prior to the Separation, the Consolidated and Combined Statements of Income **(Loss)** also include an allocation of the Former Parent's corporate and shared employee share-based compensation expenses.

The Company recognizes all share-based payments to employees and directors as compensation cost over the service period based on their estimated fair value on the date of grant. The Company estimates award forfeitures at the time awards are granted and adjusts, if necessary, in subsequent periods based on historical experience and expected future forfeitures.

Compensation cost is recognized over the service period for the fair value of awards that actually vest. Compensation expense for awards without a performance condition or a graded vesting schedule is recognized, net of estimated forfeitures, using a single award approach (each award is valued as one grant). Compensation expense for awards with a performance condition or a graded vesting schedule is recognized, net of estimated forfeitures, using a multiple award approach (each vesting tranche is valued as one grant).

Revenue Recognition

The Company recognizes revenue based on the amount it expects to receive when control of the goods or services is transferred to the customer. The Company recognizes sales upon customer receipt of merchandise, which, for direct channel revenues, reflect an estimate of shipments that have not yet been received by the customer based on shipping terms and historical delivery times. The Company's shipping and handling revenues are included in Net Sales with the related costs included in Costs of Goods Sold, Buying and Occupancy in the Consolidated and Combined Statements of **Income (Loss)**. **Income**. The Company also provides a reserve for projected merchandise returns based on historical experience. Net Sales exclude sales and other similar taxes collected from customers.

The Company offers certain loyalty programs that allow customers to earn points based on purchasing activity. As customers accumulate points and reach point thresholds, they can use the points to purchase merchandise in stores or online. The Company allocates revenue to points earned on qualifying purchases and defers recognition until the points are redeemed. The amount of revenue deferred is based on the relative stand-alone selling price method, which includes an estimate for value of points redeemed and an estimate for points not expected to be redeemed based on historical experience.

The Company sells gift cards with no expiration dates to customers. The Company does not charge administrative fees on unused gift cards. The Company recognizes revenue from gift cards when they are redeemed by the customer. In addition, the Company recognizes revenue on unredeemed gift cards where the likelihood of the gift card being redeemed is remote and there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). Gift card breakage revenue is recognized in proportion, and over the same period, as actual gift card redemptions. The Company determines the gift card breakage rate based on historical redemption patterns. Gift card breakage is included in Net Sales in the Consolidated and Combined Statements of **Income (Loss)**. **Income**.

Revenue earned in connection with the Company's credit card arrangements is primarily recognized based on credit card sales and usage and is included in Net Sales in the Consolidated and Combined Statements of **Income (Loss)**. **Income**.

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The Company also recognizes revenues associated with franchise, license, wholesale and sourcing arrangements. Revenue recognized under franchise and license arrangements generally consists of royalties earned and recognized upon sale of merchandise by franchise and license partners to retail customers. Revenue is generally recognized under wholesale and sourcing arrangements at the time the title of merchandise passes to the partner.

Costs of Goods Sold, Buying and Occupancy

The Company's costs of goods sold include merchandise costs, net of discounts and allowances, freight and inventory shrinkage. The Company's buying and occupancy expenses primarily include payroll, benefit costs and operating expenses for its buying departments and distribution network, as well as rent, common area maintenance, real estate taxes, utilities, maintenance, fulfillment expenses and depreciation for the Company's stores, warehouse facilities and equipment.

General, Administrative and Store Operating Expenses

The Company's general, administrative and store operating expenses primarily include payroll and benefit costs for its store-selling and administrative departments (including corporate functions), marketing, advertising and other operating expenses not specifically categorized elsewhere in the Consolidated and Combined Statements of **Income (Loss)**. **Income**.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates, and the Company revises its estimates and assumptions as new information becomes available.

Recently Issued Accounting and Reporting Pronouncements

The Company did not adopt any new accounting standards during **2022** **2023** that had a material impact on the Company's results of operations, financial position or cash flows. In addition, there are no new accounting standards not yet adopted that are expected to have a material impact on the Company's results of operations, financial position or cash flows.

SEC Climate-Related Disclosures

In March 2024, the SEC adopted rules intended to enhance and standardize climate-related disclosures in registration statements and annual reports. The new rules will require disclosure of material climate-related risks, including disclosure of Board of Directors' oversight and risk management activities, the material impacts of these risks to the Company and the quantification of material impacts to the Company as a result of severe weather events and other natural conditions. The rules also require disclosure of material greenhouse gas emissions and any material climate-related targets and goals. The new rules will be effective for annual reporting periods beginning in fiscal year 2025, except for the greenhouse gas emissions disclosures which will be effective for annual reporting periods beginning in fiscal year 2026. The Company is currently evaluating the impact of these new rules.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision-usefulness of income tax disclosures, primarily by requiring enhanced disclosure for income taxes paid and the effective tax rate reconciliation. This standard will be effective for annual reporting periods beginning in fiscal year 2025 and for interim periods beginning in fiscal year 2026, with early adoption permitted. The updates required by this standard should be applied prospectively, but retroactive application is permitted. The Company does not expect this standard to have a material impact on its results of operations, financial position or cash flows.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expense categories that are regularly provided to the chief operating decision maker and included in each reported measure of a segment's profit or loss. The update also requires all annual disclosures about a reportable segment's profit or loss and assets to be provided in interim periods and for entities with a single reportable segment to provide all the disclosures required by ASC 280, *Segment Reporting*, including the significant

segment expense disclosures. This standard will be effective for annual reporting periods beginning in fiscal year 2024 and interim periods beginning in fiscal year 2025, with early adoption permitted. The updates required by this standard should be applied retrospectively to all periods presented in the financial statements. The Company does not expect this standard to have a material impact on its results of operations, financial position or cash flows.

2. Acquisition

On November 1, 2022 December 30, 2022, the Company announced that it had signed a Merger Agreement to acquire completed its acquisition of 100% of the equity interests of Adore Me. The acquisition closed on December 30, 2022 pursuant to the terms and conditions of the Merger Agreement. Adore Me is a direct-to-consumer lingerie and apparel brand with technology driven commerce service and a series of innovation-driven products. The acquisition creates the opportunity for the Company to leverage Adore Me's expertise and technology to continue to improve the Victoria's Secret and PINK customer shopping experience and accelerate the modernization of the Company's digital platform.

Under the terms of the Merger Agreement, definitive agreement setting forth the terms and conditions of the acquisition (the "Merger Agreement"), the Company made an upfront cash payment of \$391 million at closing and will pay further cash consideration in an aggregate amount of at least \$80 million, consisting of a fixed payment to be made on or prior to January 15, 2025, and up to \$300 million based on the performance of Adore Me and achievement of specified strategic objectives and certain EBITDA and net revenue goals within the two-year two-year period following closing of the transaction. Under the terms of the Merger Agreement, up to \$60 million of the further cash consideration is subject to the continued employment of a certain Adore Me employee ("Contingent Compensation Payments"). These The Contingent Compensation Payments are not included as consideration when applying the acquisition method of accounting and will be recognized as compensation expense within General, Administrative and Store Operating Expenses in the Consolidated Statements of Income if and when earned in future periods.

The total consideration when applying the acquisition method of accounting was initially \$537 million, net of \$22 million of cash acquired. The gross consideration as of the acquisition date of \$559 million consists consisted of \$391 million in cash paid at closing, \$98 million which represents represented the fair value of the contingent cash consideration as of the acquisition date and \$70 million which represents represented the fair value of the future fixed payment, payment as of the acquisition date. During the second quarter of 2023, the Company received \$1 million in cash for the final working capital settlement, which decreased the total consideration of the acquisition to \$536 million.

The Company incurred approximately \$15 million of acquisition-related costs related to the Adore Me transaction. Those costs, primarily related to professional advisory services and other transaction-related costs, are included within General, Administrative and Store Operating Expenses in the 2022 Consolidated Statement of Income.

The Company accounted for the acquisition of Adore Me using the acquisition method of accounting. Assets acquired and liabilities assumed have been recorded based on their preliminary fair values, values. During 2023, the Company recorded certain measurement period adjustments based on additional information, primarily related to assumed other long-term liabilities, assumed deferred income tax liabilities, assumed accrued expenses and as other liabilities, acquired accounts receivable and acquired other current assets, resulting in a result, the estimates \$4 million increase to Other Long-term Liabilities, a \$3 million decrease to Deferred Income Tax Liabilities, a \$2 million increase to Goodwill, a \$2 million increase to Accrued Expenses and assumptions are subject Other, a \$1 million increase to change, Other Current Assets and a \$1 million decrease to Accounts Receivable. The Company is still in the process of finalizing has finalized the valuation estimates and used to determine the final purchase price allocation which includes potential adjustments related to the final working capital settlement and amounts allocated to intangible assets. The Company expects to complete this process no later than twelve months after the closing of the acquisition.

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The following is a preliminary the final purchase price allocation of assets acquired and liabilities assumed related to the Adore Me acquisition:

	(in millions)	
Accounts Receivable	\$ 1	
Inventories	105	
Other Current Assets	7	
Property and Equipment, Net	12	
Operating Lease Assets	5	
Goodwill	365	
Trade Name	43	
Other Intangible Assets	137	
Other Assets	1	
Accounts Payable	17	
Accrued Expenses and Other	88	
Current Operating Lease Liabilities	2	
Deferred Income Tax Liabilities	21	
Long-term Operating Lease Liabilities	3	
Other Long-term Liabilities	8	
Net Assets Acquired and Liabilities Assumed	\$ 537	
Measurement Period		
Initial Allocation	Adjustments	Final Allocation

	(in millions)			
	\$	1	\$	(1)
Accounts Receivable				—
Inventories		105		—
Other Current Assets		7		1
Property and Equipment, Net		12		12
Operating Lease Assets		5		5
Goodwill		365		2
Trade Name		43		43
Other Intangible Assets		137		137
Other Assets		1		1
Accounts Payable		17		17
Accrued Expenses and Other		88		2
Current Operating Lease Liabilities		2		2
Deferred Income Tax Liabilities		21		(3)
Long-term Operating Lease Liabilities		3		3
Other Long-term Liabilities		8		4
Net Assets Acquired and Liabilities Assumed	\$	537	\$	(1)
	\$	536		

The following table represents the definite-lived intangible assets acquired, the **preliminary** fair values and respective useful lives:

	Useful Life	Preliminary Fair Value	
		(in millions)	
Customer Relationships	7 years	\$	81
Developed Technology	6 years	\$	56
Trade Name	10 years	\$	43
Total Definite-Lived Intangible Assets		\$	180

The Company used the multi-period excess earnings method to value the customer relationships intangible assets and the relief from royalty method to value the developed technology and trade name intangible assets. The significant assumptions used to estimate the fair value of customer relationships included forecasted revenues, customer attrition rates and a discount rate. The significant assumptions used to estimate the fair value of developed technology and the trade name included forecasted revenues, royalty rates and a discount rate. These significant assumptions are forward-looking and could be affected by future economic and market conditions. The estimated weighted-average useful life as of the acquisition date was 7.4 years for definite-lived intangible assets.

Goodwill was calculated as the difference between the acquisition date fair value of the consideration transferred and the fair value of net assets recognized for Adore Me, and represents the future economic benefits, including synergies, and assembled workforce, that are expected to be achieved as a result of the consummation of the acquisition of Adore Me. The goodwill arising from the acquisition is not expected to be deductible for tax purposes. For additional information about goodwill and other intangible assets, see Note 10, "Intangible Assets."

The Company consolidates Adore Me's financial information on an approximate **one-month** reporting lag. Accordingly, given the acquisition closing date of December 30, 2022, the operating results of Adore Me for the period subsequent to the acquisition date will be recorded in **fiscal year** the Company's consolidated financial statements beginning in 2023.

In 2023, the Company recognized the financial impact of purchase accounting items and additional acquisition-related costs, including recognition in gross profit of the fair value adjustment to acquired inventories as it is sold, recognition of changes in the estimated fair value of contingent consideration and Contingent Compensation Payments, as well as amortization of acquired intangible assets. In 2023, the Company recognized total related costs of \$75 million, including \$41 million in General, Administrative and Store Operating Expenses, \$29 million in Costs of Goods Sold, Buying and Occupancy and \$5 million in Interest Expense. See Note 12, "Fair Value of Financial Instruments" for further information on the contingent consideration. The deferred consideration liability for the future fixed payment is included within Accrued Expenses and Other in the February 3, 2024 Consolidated Balance Sheet and Other Long-term Liabilities in the January 28, 2023 Consolidated Balance Sheet and was \$76 million as of February 3, 2024 and \$71 million as of January 28, 2023.

Pro Forma Financial Information

In accordance with ASC 805, *Business Combinations*, the following unaudited pro forma results of operations for 2022 and 2021, respectively, assumes the Adore Me acquisition was completed on the first day of fiscal year 2021, or January 31, 2021. The following pro forma results include adjustments to reflect acquisition-related costs, amortization of intangibles associated with the acquisition and the effects of adjustments made to the carrying value of inventories.

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	2022	2021
	(in millions)	
Net Sales	\$ 6,595	\$ 6,996
Net Income Attributable to Victoria's Secret & Co.	330	544

The unaudited pro forma financial information may not be indicative of the results that would have been obtained had the acquisition occurred at the beginning of the periods presented, nor is it intended to be a projection of future results. Additionally, the pro forma financial information does not reflect the costs which the Company has incurred or may incur to integrate the acquired business.

3. Transactions with Former Parent

Prior to the Separation, the Company's financial statements were prepared on a "carve-out" basis and were derived from the consolidated financial statements and accounting records of the Former Parent. The following discussion summarizes activity between the Company and the Former Parent.

Allocation of General Corporate Expenses

Prior to the Separation, for purposes of preparing the financial statements on a "carve-out" basis, the Company was allocated a portion of the Former Parent's total corporate expenses. See Note 1 for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing the financial statements on a "carve-out" basis.

Long-term Debt due to Former Parent

Prior to the Separation, during 2020, the Company borrowed \$97 million from the Former Parent to pay down outstanding debt with external parties. This borrowing was due in September 2025 and had a variable interest rate based on the China Loan Prime Rate. As a result of the Separation, the Company no longer has this Long-term Debt due to Former Parent. Prior to the Separation, the Company recognized \$2 million of interest expense during 2021 related to this borrowing.

Net Transfers from (to) Former Parent

The following table presents the components of Net Transfers from (to) Former Parent prior to the Separation in the 2021 and 2020 Consolidated and Combined Statements Statement of Equity:

	2021	2020
	(in millions)	
Cash Pooling and General Financing Activities, Net	\$ (172)	\$ (543)
Long-lived Assets (a)	16	—
Corporate Expense Allocations	49	77
Share-based Compensation Expense	15	25
Assumed Income Tax Payments	15	59
Cash Payment to Former Parent	(976)	—
Total Net Transfers to Former Parent	\$ (1,053)	\$ (382)

	2021	(in millions)
Cash Pooling and General Financing Activities, Net	\$ (172)	(172)
Long-lived Assets (a)	16	16
Corporate Expense Allocations	49	49
Share-based Compensation Expense	15	15
Assumed Income Tax Payments	15	15
Cash Payment to Former Parent	(976)	(976)
Total Net Transfers to Former Parent	\$ (1,053)	\$ (1,053)

(a) Represents long-lived assets transferred between the Company and the Former Parent as a result of asset allocation decisions made during the period.

Agreements with Former Parent

The Company entered into several agreements with the Former Parent that, among other things, effect the Separation and govern the relationship of the parties following the Separation, including a Separation and Distribution Agreement, a Tax Matters Agreement, an L Brands to VS Transition Services Agreement, a VS to L Brands Transition Services Agreement, an Employee Matters Agreement and a Domestic Transportation Services Agreement.

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Under the terms of the transition services agreements, as amended, the Company provides has provided its Former Parent on a transitional basis, certain services or functions, including information technology, certain logistics functions and customer marketing services. The primary services that the Company still provides to its Former Parent relate to information technology services. Additionally, the Former Parent provides has provided to the Company various services or functions, many of which currently use a shared technology platform, including human resources, payroll, information technology and certain logistics functions. Generally, these The primary services will be provided for a period of up that the Former Parent still provides to two years following the Separation, except for Company relate to information technology services. The Company anticipates that both transition services which agreements will be provided for a period of up to three years following the Separation and may be extended for a maximum of two additional one-year

periods subject to increased administrative charges, terminate during fiscal 2024. Consideration and costs for the transition services will be determined using several billing methodologies as described in the agreements, including customary billing, pass-through billing, percent of sales billing or fixed fee billing. Costs for transition services provided by the Former Parent are recorded within the Consolidated and Combined Statements of Income (Loss) based on the nature of the services. Consideration for transition services provided to the Former Parent are recorded within the Consolidated and Combined Statements of Income (Loss) based on the nature of the services and as an offset to expenses incurred to provide the services.

The following table summarizes the recognized consideration and costs pursuant to the transition services agreements for 2023, 2022 and 2021:

	2022	2021		
	(in millions)			
	2023		2022	2021
(in millions)				
Consideration	Received	Received	\$72	\$55
Costs	Costs			
Recognized	Recognized	74	42	

Under the terms of the Domestic Transportation Services Agreement, the Former Parent provides transportation services to the Company for certain beauty and apparel merchandise in the U.S. and Canada for an initial term of three years following the Separation, which term will thereafter continuously renew unless and until either party elects to terminate the arrangement upon written prior notice, September 2026. Costs for the transportation services will be determined using customary billing and fixed billing methodologies, which are described in the agreement, and are subject to an administrative charge. Costs for transition services are recorded within Costs of Goods Sold, Buying and Occupancy in the Consolidated and Combined Statements of Income (Loss). Income.

The following table summarizes the recognized costs pursuant to the Domestic Transportation Services Agreement for 2023, 2022 and 2021:

	2022	2021
	(in millions)	
Costs Recognized	\$ 91	\$ 46
Prior to the Separation, certain Company employees participated in the stock option and performance incentive plan of the Former Parent. Under the terms of the Employee Matters Agreement, in connection with the Separation, restricted stock and stock option equity awards held by Company employees were converted to awards representing approximately 6.0 million shares of the Company's common stock under the Company's 2021 Stock Option and Performance Incentive Plan.		
	2023	2022
	(in millions)	
Costs Recognized	\$ 78	\$ 91
		\$ 46

4. Revenue Recognition

Accounts receivable, net from revenue-generating activities were \$101 million \$103 million as of January 28, 2023 February 3, 2024 and \$101 million as of January 29, 2022 January 28, 2023. Accounts receivable primarily relate to amounts due from the Company's franchise, license and wholesale partners. Under these arrangements, payment terms are typically 60 to 90 days.

The Company records deferred revenue when cash payments are received in advance of transfer of control of goods or services. Deferred revenue primarily relates to gift cards, loyalty and credit card programs and direct channel shipments, which are all impacted by seasonal and holiday-related sales patterns. Deferred revenue was \$310 million as of February 3, 2024 and \$309 million as of January 28, 2023 and \$258 million as of January 29, 2022. The Company recognized \$135 million \$134 million as revenue in 2022 2023 from amounts recorded as deferred revenue at the beginning of the period. As of January 28, 2023 February 3, 2024, the Company recorded deferred revenues of \$291 million \$295 million within Accrued Expenses and Other, and \$18 million \$15 million within Other Long-term Liabilities on the Consolidated Balance Sheet.

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The following table provides a disaggregation of Net Sales for 2023, 2022 2021 and 2020: 2021:

	2022	2021	2020
	(in millions)		
Stores — North America	\$ 3,909	\$ 4,194	\$ 2,795
Direct	1,843	2,114	2,223
International (a)	592	477	395
Total Net Sales	\$ 6,344	\$ 6,785	\$ 5,413

	2023	2022	2021
	(in millions)		
Stores — North America (a)	\$ 3,480	\$ 3,909	\$ 4,194
Direct (a)	2,015	1,843	2,223

International (b)	687	592	477
Total Net Sales	\$ 6,182	\$ 6,344	\$ 6,785

(a) Results in 2023 include Adore Me sales.
 (b) Results include consolidated joint venture sales in China, royalties associated with franchised stores and wholesale sales and company-operated stores in the U.K. (before our joint venture with Next) sales.

In April 2022, the

The Company launched has a new Victoria's Secret and PINK multi-tender loyalty program along with a co-branded credit card and a U.S. private label credit card through which customers can earn points on purchases of Company Victoria's Secret and PINK product as well as and through the co-branded credit card can earn points on purchases outside of the Company. The co-branded credit card is in addition to the Company's existing U.S. private label credit card. A third-party financing company is the sole owner of the credit card accounts and underwrites the credit issued under the credit card programs. Revenue earned in connection with the Company's credit card arrangements with the third-party is primarily recognized based on credit card sales and usage.

The Company recognized Net Sales of \$123 million \$95 million, \$132 \$123 million and \$135 million \$132 million for 2023, 2022 2021 and 2020, 2021, respectively, related to revenue earned in connection with its credit card arrangements.

The Company's international net sales include sales from Company-operated stores, royalty revenue from franchise and license arrangements, wholesale revenues and direct sales shipped internationally. Certain of these sales are subject to the impact of fluctuations in foreign currency. The Company's net sales outside of the U.S. totaled \$830 million \$910 million, \$736 \$830 million and \$643 million \$736 million for 2023, 2022 2021 and 2020, 2021, respectively.

5. Earnings (Loss) Per Share

Earnings (loss) per basic share is computed based on the weighted-average number of common shares outstanding. Earnings (loss) per diluted share include the weighted-average effect of dilutive restricted stock units, performance share units and options (collectively, "Dilutive Awards") on the weighted-average shares outstanding.

On August 2, 2021, the Separation was achieved through the Former Parent's distribution of 100% of the shares of the Company's common stock to holders of the Former Parent's common stock as of the close of business on the record date of July 22, 2021. The Former Parent's stockholders of record received one share of the Company's common stock for every three shares of the Former Parent's common stock. As a result, on August 3, 2021, the Company had 88 million shares of common stock outstanding. This share amount is being utilized for the calculation of basic and diluted earnings (loss) per share for all periods presented prior to the Separation. After the Separation, actual outstanding shares are used to calculate both basic and diluted weighted-average number of common shares outstanding.

The following table provides the weighted-average shares utilized for the calculation of basic and diluted earnings (loss) per share for 2023, 2022 2021 and 2020: 2021:

	2022	2021	2020	
	(in millions)			
Common Shares	Common Shares	82	88	88
Treasury Shares	Treasury Shares	—	—	—
Basic Shares	Basic Shares	82	88	88
Effect of Dilutive Awards	Effect of Dilutive Awards	2	2	—
Diluted Shares	Diluted Shares	84	90	88
Anti-dilutive Awards (a)	Anti-dilutive Awards (a)	1	—	—

(a) Shares underlying certain options, restricted stock units, and performance share units and options were excluded from the calculation of diluted earnings (loss) per share because their inclusion would have been anti-dilutive.

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6. Restructuring Activities

Organizational Restructuring

In July 2022, the first quarter of 2023, the Company announced a new, simplified corporate leadership structure designed to unite the Company's brands, better align and continue to reorganize and improve its teams with a shifting consumer landscape and enable better execution of its strategy, organizational structure. As a result, of the July 2022 restructuring, pre-tax severance and related costs of \$29 million, of which \$16 million are included in General, Administrative and Store Operating Expenses and \$13 million are included in Costs of Goods Sold, Buying and Occupancy, are included in the 2023 Consolidated Statement of Income.

During the second quarter and fourth quarter of 2022, the Company implemented restructuring actions to reorganize and improve its organizational structure. As a result, pre-tax severance and related costs of \$35 million, of which \$21 million are included in General, Administrative and Store Operating Expenses and \$14 million are included in Costs of Goods Sold, Buying and Occupancy, are included in the 2022 Consolidated Statement of Income.

In the fourth quarter of 2022, the Company executed additional restructuring actions to continue to reorganize and improve its organizational structure. As a result, pre-tax severance and related costs of \$6 million, of which \$5 million are included in General, Administrative and Store Operating Expenses and \$1 million are included in Costs of Goods Sold, Buying and Occupancy, are included in the 2022 Consolidated Statement of Income.

During 2022, the Company made payments of \$16 million and \$18 million related to severance and related costs associated with these reductions. As of January 28, 2023, liabilities restructuring actions during 2023 and 2022, respectively. Liabilities, after accrual adjustments, related to the restructuring actions of \$17 million are included in the January 28, 2023 February 3, 2024 Consolidated Balance Sheet.

Victoria's Secret China

In April 2022, the Company announced the completion of the entered into a joint venture agreement with Regina Miracle, a company listed on the Hong Kong Stock Exchange, related to its existing Company-owned business in China. The Company and Regina Miracle formed a joint venture to operate Victoria's Secret stores and the related online business in China. Under the terms of the agreement, the Company owns 51% of the joint venture and Regina Miracle owns the remaining 49%. The Company received \$45 million in cash from Regina Miracle during the first quarter of 2022 as consideration for its investment in the joint venture. In connection with the execution of the agreement, the Company and Regina Miracle each contributed \$10 million in cash to the joint venture. The cash received from Regina Miracle is reflected within Cash Received from Noncontrolling Interest Partner in the 2022 Consolidated and Combined Statement of Cash Flows.

Since the Company has retained control over the joint venture, the joint venture's assets, liabilities and results of operations will continue to be consolidated in the Company's consolidated financial statements. Regina Miracle's interest in the joint venture is now reflected in Noncontrolling Interest in the 2022 Consolidated Balance Sheets and in Net Loss Income (Loss) Attributable to Noncontrolling Interest in the 2022 Consolidated Statement of Income.

Victoria's Secret U.K.

Due to challenging business results for our business in the U.K., the Company entered into administration in June 2020 to restructure store lease agreements and reduce operating losses in the U.K. business. In October 2020, the Company entered into a joint venture with Next for the business in the U.K. and Ireland. Under this agreement, the Company owns 49% of the joint venture, and Next owns 51% and is responsible for operations. The Company accounts for its investment in the joint venture under the equity method of accounting.

The joint venture acquired the majority of the operating assets, primarily inventory, and the restructured leases were transferred to the joint venture. Effective October 19, 2020, the newly formed joint venture began operating all Victoria's Secret stores in the U.K. and Ireland. The Company recognized non-cash pre-tax gains of \$90 million related to the derecognition of operating lease liabilities in excess of operating lease assets for the 24 store leases that were restructured and transferred to the joint venture. In addition, the Company recognized a \$25 million non-cash pre-tax impairment charge to fully write-off all remaining long-lived store assets in the U.K. Finally, as a result of the transition to a joint venture business model in the U.K. and the substantially complete liquidation of the Company's investment in the U.K., the Company recognized a \$36 million non-cash pre-tax loss related to accumulated foreign currency translation adjustments that were reclassified into earnings, which were previously recognized as a component of equity.

The above items relating to Victoria's Secret U.K. are included in General, Administrative and Store Operating Expenses in the 2020 Consolidated and Combined Statement of Loss as they all relate to the Company's transition to a joint venture business model in the U.K.

Pre-Separation Reorganization

During the second quarter of 2020, management reduced home office headcount as a result of completing a comprehensive review of the home office organizations in order to achieve meaningful reductions in overhead expenses and to decentralize significant shared functions and services to support the creation of standalone companies. Pre-tax severance and related costs associated with these reductions, totaling \$51 million, are included in General, Administrative and Store Operating Expenses in the 2020 Consolidated and Combined Statement of Loss. As of January 28, 2023, the liability for severance and related costs associated with these reductions was fully paid.

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7. Inventories

The following table provides details of Inventories as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023:

January 28, 2023	January 29, 2022	
(in millions)		
February 3, 2024	February 3, 2024	January 28, 2023
(in millions)		(in millions)

Finished Goods	Finished Goods		
Merchandise	Merchandise	\$ 997	\$ 898
Raw Materials and	Raw Materials and		
Merchandise Components	Merchandise Components	55	51
Total Inventories	Total Inventories	\$1,052	\$ 949

The above amounts are net of valuation adjustments for inventory where the cost exceeds the amount the Company expects to realize from the ultimate sale or disposal of the inventory and net of loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory.

8. Long-Lived Assets

The following table provides details of Property and Equipment, Net as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

	January 28, 2023	January 29, 2022	
	(in millions)		
	February 3, 2024	February 3, 2024	January 28, 2023
Land and Improvements	Land and Improvements	\$ 28	\$ 27
Buildings and Improvements	Buildings and Improvements	219	211
Furniture, Fixtures, Software and Equipment	Furniture, Fixtures, Software and Equipment	2,394	2,409
Leasehold Improvements	Leasehold Improvements	1,018	1,070
Construction in Progress	Construction in Progress	57	78
Total	Total	3,716	3,795
Accumulated Depreciation and Amortization	Accumulated Depreciation and Amortization	(2,870)	(2,838)
Property and Equipment, Net	Property and Equipment, Net	\$ 846	\$ 957

Depreciation expense was **\$259 million in 2023**, **\$274 million in 2022** and **\$303 million in 2021** and **\$326 million in 2020**.

Long-Lived Store Assets

As a result of the Company's fleet rationalization executed during 2020 and the negative operating results of certain stores in 2020, the Company determined that the estimated undiscounted future cash flows were less than the carrying values for certain asset groups and, as a result, determined the estimated fair values of the store asset groups using estimated discounted future cash flows and estimated market rental rates.

In 2020, the Company also recorded a \$25 million non-cash pre-tax impairment charge to fully write-off all remaining long-lived store assets in the U.K. This charge is included in General, Administrative and Store Operating Expenses in the 2020 Consolidated and Combined Statement of Loss.

There were no long-lived store asset impairment charges in 2022 or 2021. The following table provides pre-tax long-lived store asset impairment charges included in the 2020 Consolidated and Combined Statement of Loss:

Store Asset Impairment	\$ 136
Operating Lease Asset Impairment	118
Total Impairment	\$ 254

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9. Leases

The following table provides the components of lease cost for operating leases for 2023, 2022 2021 and 2020: 2021:

	2022	2021	2020	
	(in millions)			
	2023			2023
				2022
				(in millions)
Operating Lease Costs	Operating Lease Costs	\$385	\$399	\$521
Variable Lease Costs	Variable Lease Costs	76	63	6
Short-term Lease Costs	Short-term Lease Costs	13	6	5
Total Lease Cost	Total Lease Cost	\$474	\$468	\$532

In 2020, for many stores and select office locations, beginning in April 2020, rent was not paid, or was only partially paid, due to the COVID-19 pandemic. The Financial Accounting Standards Board issued guidance in April 2020 which allows certain COVID-19-related concessions to be recognized as a reduction of lease costs in the period an amendment is executed. Negotiations were completed with nearly all landlords to determine potential rent credits or payment deferrals related to COVID-19. The Company fully accrued rent to the original contractual rent due unless an executed amendment was in place. As a result of the COVID-19-related concessions, 2021, the Company recognized a reduction of \$31 million and \$90 million reduction to occupancy expenses in 2021 and 2020, respectively, as a result of executed amendments with landlords. The amount recognized for COVID-19-related concessions in 2022 was not significant. landlord concessions.

The following table provides future maturities of operating lease liabilities as of January 28, 2023 February 3, 2024:

Fiscal Year	Fiscal Year	(in millions)	Fiscal Year	(in millions)
2023		\$ 390		
2024	2024	327		
2025	2025	273		
2026	2026	213		
2027	2027	158		
2028				
Thereafter	Thereafter	500		
Total Lease Payments	Total Lease Payments	\$1,861		
Less: Interest	Less: Interest	(350)		

Present	Present	
Value of	Value of	
Operating	Operating	
Lease	Lease	
Liabilities	Liabilities	\$1,511

As of **January 28, 2023** **February 3, 2024**, the Company had additional operating lease commitments that have not yet commenced of approximately **\$87 million** **\$120 million**.

The following table provides the weighted-average remaining lease term and discount rate for operating leases with lease liabilities as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

	January 28, 2023	January 29, 2022	February 3, 2024	February 3, 2024	January 28, 2023
Weighted-Average Remaining Lease Term (years)	6.6	6.4	Weighted-Average Remaining Lease Term (years)	7.0	6.6
Weighted-Average Discount Rate	6.1%	6.0%	Weighted-Average Discount Rate	6.6%	6.1%

The Company paid **\$406 million** in 2023, **\$423 million** in 2022 and **\$497 million** in 2021 and **\$348 million** in 2020 for operating lease liabilities recorded on the Consolidated Balance Sheets. These payments are included within the Operating Activities section of the Consolidated and Combined Statement of Cash Flows.

In 2023, 2022 and 2021, the Company obtained **\$392 million**, **\$160 million** and **\$120 million**, **\$120 million**, respectively, of additional lease assets as a result of new operating lease obligations. During 2020, the Company reduced its lease assets by **\$32 million** as a result of permanent store closures due to the fleet rationalization and lease term reductions that also reduced its operating lease obligations.

Victoria's Secret Hong Kong

During the second quarter of 2020, the Company closed its unprofitable Victoria's Secret flagship store in Hong Kong. As a result of the store closure, the Company recognized a non-cash pre-tax gain of **\$39 million**, primarily due to terminating the store lease and the related write-off of the operating lease liability in excess of the operating lease asset, which was partially impaired in fiscal 2019. This gain is included in Costs of Goods Sold, Buying and Occupancy in the 2020 Consolidated and Combined Statement of Loss. The Company also recorded **\$3 million** of severance and related costs, included in General, Administrative and Store Operating Expenses in the 2020 Consolidated and Combined Statement of Loss.

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Asset Retirement Obligations

The Company has asset retirement obligations related to certain Company-operated international stores that contractually obligate the Company to remove leasehold improvements at the end of a lease. The Company's liabilities for asset retirement obligations totaled **\$12 million** **\$8 million** as of **January 28, 2023** **February 3, 2024** and **\$13 million** as of **January 29, 2022** **January 28, 2023**. These liabilities are included in Other Long-term Liabilities on the Consolidated Balance Sheets.

10. Intangible Assets

Goodwill

The Company's goodwill was **\$365 million** as of **January 28, 2023**, which was established as a result of the acquisition of Adore Me on December 30, 2022. For additional information, see Note 2, "Acquisition." The Prior to the acquisition of Adore Me, the Company did not have any goodwill.

The Company elected to perform its annual goodwill impairment assessment in the fourth quarter of 2023 using the quantitative approach, based on a weighted average of the market and income approaches. The market approach is based on earnings multiples of selected guideline public companies, while the income approach is based on estimated discounted future cash flows. The Company compared the total fair values of its reporting units to the Company's market capitalization to determine if the fair values are reasonable compared to external market indicators. The Company believes the use of significant assumptions within the valuation models are reasonable estimates of likely future events. The estimated fair value of each reporting unit was in excess of each of its respective carrying value, which resulted in a conclusion that no impairment existed as of **January 29, 2022** and **January 30, 2021**, respectively. February 3, 2024. Subsequent to this annual impairment test, no additional indications of an impairment were identified.

The following table shows the change in the carrying value of Goodwill:

	(in millions)
Balance as of January 28, 2023	\$ 365
Adjustments (a)	2
Balance as of February 3, 2024	\$ 367

(a) Includes measurement period adjustments related to the acquisition of Adore Me. For additional information, see Note 2, "Acquisition."

Trade Name - Indefinite-Lived

The Victoria's Secret trade name, an indefinite-lived intangible asset, was \$246 million as of **January 28, 2023** **February 3, 2024** and **January 29, 2022**, respectively. **January 28, 2023**.

As of the end of **2022** **2023** and **2021**, 2022, the Company performed its annual impairment assessment of the Victoria's Secret trade name. To estimate the fair value of the trade name, the Company used the relief from royalty method under the income approach. The assessments concluded that the fair value of the trade name was in excess of its carrying value.

Definite-Lived Intangible Assets

The Company's definite-lived intangible assets were established as a result of the acquisition of Adore Me. Prior to the acquisition of Adore Me on December 30, 2022, the Company did not have any definite-lived intangible assets.

The following table provides details of the gross carrying **amounts** **amount** and **accumulated amortization** of the Company's definite-lived intangible assets as of **February 3, 2024** and **January 28, 2023**:

	January 28, 2023
	(in millions)
Customer Relationships	\$ 81
Developed Technology	56
Adore Me Trade Name	43
Total Definite-Lived Intangible Assets	\$ 180

	February 3, 2024	January 28, 2023
	(in millions)	
Gross Definite-Lived Intangible Assets		
Customer Relationships	\$ 81	\$ 81
Developed Technology	56	56
Adore Me Trade Name	43	43
Total Gross Definite-Lived Intangible Assets	\$ 180	\$ 180
Accumulated Amortization		
Customer Relationships	\$ (12)	\$ —
Developed Technology	(9)	—
Adore Me Trade Name	(4)	—
Total Accumulated Amortization	(25)	—
Total Definite-Lived Intangible Assets	\$ 155	\$ 180

Amortization expense for intangible assets was \$25 million for 2023. Due to the timing of the acquisition date and the Company consolidating Adore Me's financial information on an approximate **one-month** **one-month** reporting lag, there was no amortization expense recorded related to these definite-lived intangible assets **in 2022, 2021 or 2020**, prior to 2023.

Definite-lived intangible assets are evaluated for impairment whenever events or circumstances indicate that a certain asset or asset group may be impaired. No impairment has been recorded for these definite-lived intangible assets.

The estimated future annual amortization expense is \$25 million for each of the next five fiscal years for definite-lived intangible assets recorded as of **January 28, 2023** **February 3, 2024**.

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11. Accrued Expenses and Other

The following table provides additional information about the composition of Accrued Expenses and Other as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**:

		January 28, 2023	January 29, 2022	
		(in millions)		
		February 3, 2024	February 3, 2024	January 28, 2023
		(in millions)		(in millions)
Deferred Revenue on Gift Cards and Merchandise Credits	Deferred Credits	\$ 238	\$ 198	
Compensation, Payroll Taxes and Benefits	Compensation, Payroll Taxes and Benefits	105	152	
Rent		63	45	
Fixed Payment Related to Adore Me Acquisition Contingent Consideration Related to Adore Me Acquisition	Deferred Revenue on Loyalty and Credit Card Programs	40	36	
	Taxes, Other than Income	40	24	
	Accrued Marketing	37	36	
Contingent Consideration Related to Adore Me Acquisition	Returns Reserve	30	—	
	Accrued Freight and Other Logistics	22	23	
	Deferred Revenue on Direct Shipments not yet Delivered	16	62	
Deferred Revenue on Direct Shipments Not Yet Delivered	Accrued Claims on Self-insured Activities	13	16	
	Accrued Interest	8	4	
Rent	Interest	7	5	
Other	Other	118	113	

Total Accrued	Total Accrued
Expenses and Expenses and	
Other Other	\$ 737 \$ 714

12. Income Taxes

Prior to the Separation, the Company's U.S. operations and certain of its non-U.S. operations were historically included in the income tax returns of the Former Parent or its subsidiaries that may not be part of the Company. For the periods prior to the Separation, the income tax expense (benefit) and all tax liabilities that are presented in these financial statements were calculated on a "carve-out" basis, which applied the accounting guidance as if we filed income tax returns for the Company on a standalone, separate return basis. The Company believes the assumptions supporting its allocation and presentation of income taxes on a separate return basis are reasonable. However, the Company's tax results, as presented in these financial statements for periods prior to the Separation, may not be reflective of the results that the Company expects to generate in the future.

Post-Separation, the Company files a consolidated U.S. federal income tax return as well as separate and combined income tax returns in numerous state, local and international jurisdictions. Income tax expense (benefit) for the period prior to the Separation is based on the combined financial statements prepared on a "carve-out" basis. Income tax expense (benefit) for the period after the Separation is based on the consolidated results of the Company on a standalone basis.

The following table provides the components of the Company's Provision (Benefit) for Income Taxes for 2023, 2022 2021 and 2020:2021:

	2022	2021	2020
	2023		
		(in millions)	
Current:	Current:		
U.S. Federal			
U.S. Federal			
U.S. Federal	U.S. Federal	\$67	\$129
U.S. State	U.S. State	22	44
Non-U.S.	Non-U.S.	18	23
Total	Total	107	196
			30
Deferred:	Deferred:		
U.S. Federal	U.S. Federal	(20)	6
U.S. Federal	U.S. Federal	(20)	(68)
U.S. Federal	U.S. Federal		
U.S. State	U.S. State	(4)	(4)
Non-U.S.	Non-U.S.	(4)	(1)
Total	Total	(28)	1
			(64)
Provision (Benefit) for Income Taxes		\$79	\$197
			\$(34)
Provision for Income Taxes			

The non-U.S. component of pre-tax income, arising principally from overseas operations, was income of \$92 million of \$112 million, \$92 million and \$11 million \$92 million for 2023, 2022 and 2021, and 2020, respectively.

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The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2023, 2022 2021 and 2020:2021:

	2022	2021	2020		2023	2022	2021
	2023						
Federal Income Tax Rate	Federal Income Tax Rate			Federal Income Tax Rate			
Rate	Rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %

State Income Taxes, Net of Federal Income Tax Effect	State Income Taxes, Net of Federal Income Tax Effect	3.9 %	4.3 %	(5.8 %)	State Income Taxes, Net of Federal Income Tax Effect	3.1 %	3.9 %	4.3 %
Foreign Rate Differential								
Impact of Non-U.S. Operations	Impact of Non-U.S. Operations				Foreign Rate Differential	(9.1 %)	(3.4 %)	(1.8 %)
Share-based Compensation	Share-based Compensation				Impact of Non-U.S. Operations			
Uncertain Tax Positions	Uncertain Tax Positions				Share-based Compensation			
Change in Valuation Allowance	Change in Valuation Allowance				Uncertain Tax Positions			
U.S. Permanent Items	U.S. Permanent Items				Change in Valuation Allowance			
Adore Me Contingent Compensation	Adore Me Contingent Compensation				U.S. Permanent Items			
Restructuring of Foreign Investments	Restructuring of Foreign Investments				Adore Me Contingent Compensation			
U.S. Permanent Items	U.S. Permanent Items	0.3 %	0.1 %	(2.8 %)	Restructuring of Foreign Investments			
Other Items, Net	Other Items, Net	(0.1 %)	— %	0.1 %	U.S. Permanent Items	3.3 %	— %	— %
Effective Tax Rate	Effective Tax Rate	19.0 %	23.3 %	31.9 %	Effective Tax Rate	21.4 %	19.0 %	23.3 %

Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective year.

	January 28, 2023			January 29, 2022			February 3, 2024			January 28, 2023		
	Assets	Liabilities	Total	Assets	Liabilities	Total	Assets	Liabilities	Total	Assets	Liabilities	Total
	(in millions)											
	Assets			Assets			Assets			Assets		
	(in millions)											
Loss	Loss											
Carryforwards	Carryforwards	\$ 133	\$ —	\$ 133	\$ 118	\$ —	\$ 118					
Leases	Leases	354	(309)	45	371	(322)	49					
Deferred Revenue												
Accrued Expenses												
Share-based Compensation	Share-based Compensation	12	—	12	11	—	11					
Deferred Revenue		43	—	43	42	—	42					
Trade Name and Other Intangibles												
Property and Equipment	Property and Equipment	—	(58)	(58)	—	(79)	(79)					

Trade Name and Other						
Intangibles	—	(100)	(100)	—	(57)	(57)
Other	Other	54	(11)	43	34	(11)
Valuation Allowance	Valuation Allowance	(153)	—	(153)	(148)	—
Total Deferred Income Taxes	Total Deferred Income Taxes	\$443	\$ (478)	\$ (35)	\$428	\$ (469)
						\$ (41)

As of January 28, 2023 February 3, 2024, the Company had loss carryforwards of \$133 million \$130 million, of which \$37\$34 million has an indefinite carryforward. The remainder of the non-U.S. carryforwards, if unused, will expire at various dates from 2023 2024 through 2039 2040. For certain jurisdictions where the Company has determined that it is more likely than not that the loss carryforwards will not be realized, a valuation allowance has been provided on those loss carryforwards as well as other net deferred tax assets.

Income tax payments were \$74 million for 2023, \$161 million for 2022 \$56 million and \$56 million for 2021 and \$59 million for 2020, 2021.

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Uncertain Tax Positions

The following table summarizes the activity related to the Company's unrecognized tax benefits for U.S. federal, state & and non-U.S. tax jurisdictions for 2023, 2022 2021 and 2020, 2021, without interest and penalties:

		2022	2021	2020		
		(in millions)				
		2023		2023	2022	2021
		(in millions)				(in millions)
Gross	Gross					
Unrecognized	Unrecognized					
Tax Benefits, as of the Beginning of the Fiscal Year	Tax Benefits, as of the Beginning of the Fiscal Year	\$10	\$126	\$ 41		
Decreases to Unrecognized Tax Benefits Transferred to Former Parent	Decreases to Unrecognized Tax Benefits Transferred to Former Parent	—	(126)	—		
Increases to Unrecognized Tax Benefits as a Result of Current Year Activity	Increases to Unrecognized Tax Benefits as a Result of Current Year Activity	10	10	105		
Increases to Unrecognized Tax Benefits for Prior Years, Including Acquisitions	Increases to Unrecognized Tax Benefits for Prior Years, Including Acquisitions	11	—	—		
Decreases to Unrecognized Tax Benefits for Prior Years	Decreases to Unrecognized Tax Benefits for Prior Years	—	—	(16)		
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	—	—	—		

Decreases to Unrecognized				
Tax Benefits due to Lapse of				
Statute of Limitations	—	—	(4)	
Gross	Gross			
Unrecognized	Unrecognized			
Tax Benefits, Tax Benefits,				
as of the End	as of the End			
of the Fiscal	of the Fiscal			
Year	Year	\$31	\$ 10	\$126
Gross Unrecognized Tax				
Benefits, as of the End of				
the Fiscal Year				
Gross Unrecognized Tax				
Benefits, as of the End of				
the Fiscal Year				

Of the total gross unrecognized tax benefits, approximately \$35 million, \$20 million and \$9 million at February 3, 2024, \$9 million and \$121 million, at January 28, 2023, January 29, 2022, and January 30, 2021 January 29, 2022, respectively, represent the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts are net of the offsetting tax effects from other tax jurisdictions.

Of the total unrecognized tax benefits, it is reasonably possible that \$9\$27 million could change in the next 12 months due to audit settlement, expiration of statute of limitations or other resolution of uncertainties. Due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in amounts which could be different from this estimate. In such case, the Company will record additional tax expense or tax benefit in the period in which such matters are effectively settled.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. The Company recognized interest and penalties expense of \$2 million in 2023, \$1 million in 2022, and did not recognize expense in 2021, and recognized a benefit from interest and penalties of \$2 million in 2020, 2021. The Company has accrued approximately \$1 \$3 million for the payment of interest and penalties as of January 28, 2023. The Company did not have an accrual for the payment of interest February 3, 2024, and penalties \$1 million as of January 29, 2022 January 28, 2023. Accrued interest and penalties are included within Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company files U.S. federal income tax returns as well as income tax returns in with the U.S. and various states state, local, and in non-U.S. jurisdictions. The Company is currently under examination, or may be subject to examination, by various U.S. federal, state, local and non-U.S. participates in the Compliance Assurance Process ("CAP") of the Internal Revenue Service. As part of CAP, tax jurisdictions for fiscal year 2016 through 2021, years are examined on a contemporaneous basis. The Company is no longer subject to U.S. federal examination for years prior to fiscal year 2019, 2020. The Company is currently under examination, or may be subject to examination, by various state, local, and non-U.S. tax jurisdictions for fiscal year 2015 through 2022. The Company is no longer subject to state and local examinations for years prior to fiscal year 2017 or examinations in any material non-U.S. jurisdictions for years prior to fiscal year 2016, 2015. In some situations, the Company determines that it does not have a filing requirement in a particular tax jurisdiction. Where no return has been filed, no statute of limitations applies. Accordingly, if a tax jurisdiction reaches a conclusion that a filing requirement does exist, additional years may be reviewed by the tax authority. The Company believes it has appropriately accounted for uncertainties related to this issue.

On December 30, 2022, the Company acquired Adore Me. Pursuant to the Merger Agreement, the Company will be responsible for all U.S. federal, state, local and non-U.S. income taxes for any taxable period, or portion of such period, ending on or before the date of acquisition. Approximately \$10 \$22 million, including measurement period adjustments, in gross unrecognized tax benefits were established through acquisition accounting attributable to this acquisition.

On August 2, 2021, the Company and the Former Parent entered into a Tax Matters Agreement. Under the agreement, the Former Parent will generally be responsible for all U.S. federal, state, local and non-U.S. income taxes of the Company for any taxable period, or portion of such period, ending on or before the Separation. Accordingly, the net liabilities associated with uncertain tax positions that were presented in the financial statements in prior periods on a carve-out basis were not transferred to the Company as part of the Separation.

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13. Long-term Debt and Borrowing Facilities

The following table provides the Company's outstanding debt Long-term Debt balance, net of unamortized debt issuance costs and discounts and any current portion, as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023:

January	January			
28,	29,			
2023	2022			
		(in millions)		
February 3,			February 3,	
2024			2024	
				January 28,
				2023
		(in millions)		(in millions)

<u>Senior</u>	<u>Senior</u>
<u>Secured</u>	<u>Secured</u>
<u>Debt with</u>	<u>Debt with</u>
<u>Subsidiary</u>	<u>Subsidiary</u>
<u>Guarantee</u>	<u>Guarantee</u>
\$395 million Term Loan due August 2028 ("Term Loan Facility")	\$ 387 \$ 390
\$391 million Term Loan due August 2028 ("Term Loan Facility")	
\$391 million Term Loan due August 2028 ("Term Loan Facility")	
\$391 million Term Loan due August 2028 ("Term Loan Facility")	
Asset-based Revolving Credit Facility due August 2026 ("ABL Facility")	Asset-based Revolving Credit Facility due August 2026 ("ABL Facility") 295 —
Total Senior Secured Debt with Subsidiary Guarantee	Total Senior Secured Debt with Subsidiary Guarantee 682 390
<u>Senior</u>	<u>Senior</u>
<u>Debt with</u>	<u>Debt with</u>
<u>Subsidiary</u>	<u>Subsidiary</u>
<u>Guarantee</u>	<u>Guarantee</u>
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	
\$600 million, 4.625% Fixed Interest Rate Notes due July 2029 ("2029 Notes")	
Total Senior Debt with Subsidiary Guarantee	Total Senior Debt with Subsidiary Guarantee 593 592
Total Current Debt	Total Current Debt 1,275 982
Current Debt	Current Debt (4) (4)

Total Long-term Debt, Net of Current Portion	Total Long-term Debt, Net of Current Portion
	\$1,271 <u> </u> \$ 978

The following table provides principal payments due on outstanding debt in the next five fiscal years and the remaining years thereafter:

Fiscal Year	(in millions)	Fiscal Year	(in millions)
2023	\$ 4		
2024		2024	4
2025		2025	4
2026		2026	299
2027		2027	4
2028			
Thereafter	Thereafter \$ 975		

Cash paid for interest was \$87 million, \$52 million and \$18 million in 2023, 2022 and 2021, respectively. There was no cash paid for interest in 2020.

Issuance of Notes

In July 2021, the Company issued \$600 million of 4.625% notes due in July 2029 in a transaction exempt from registration under the Securities Act of 1933, as amended. The obligation to pay principal and interest on the 2029 Notes is jointly and severally guaranteed on a full and unconditional basis by certain of the Company's wholly-owned subsidiaries.

On August 2, 2021, the Company used cash proceeds of \$592 million, which were net of issuance costs of \$8 million, from the 2029 Notes, to partially fund the approximately \$976 million cash payment to the Former Parent in connection with the Separation. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

Credit Facilities

In September 2023, the Company entered into a delayed draw term loan agreement, secured by certain real estate assets owned by the Company, to increase available liquidity in consideration of potential seasonal working capital needs. The delayed draw term loan had a maximum borrowing capacity of \$75 million. The Company did not draw any amounts under this term loan and the agreement terminated in December 2023. During 2023, fees incurred in relation to this delayed draw term loan agreement were \$1 million and were amortized over the life of the agreement.

On August 2, 2021, the Company entered into a term loan B credit facility in an aggregate principal amount of \$400 million, which will mature in August 2028. Commencing in December 2021, the Company is required to make quarterly principal payments on the Term Loan Facility in an amount equal to 0.25% of the original principal amount of \$400 million. The Company made principal payments of \$4 million, \$4 million and \$1 million for the Term Loan Facility during 2023, 2022 and 2021, respectively.

Interest

In May 2023, the Company amended its Term Loan Facility to allow for an early transition to using Term SOFR as the applicable reference rate to calculate interest instead of LIBOR. Prior to the amendment, interest under the Term Loan Facility was calculated by reference to LIBOR or an alternative base rate, plus an interest rate margin equal to (i) in the case of LIBOR loans, 3.25% and (ii) in the case of alternate base rate loans, 2.25%. The LIBOR rate applicable to the Term Loan Facility was subject to a floor of 0.50%. In accordance with the amendment, interest on Term SOFR loans under the Term Loan Facility is now calculated by reference to Term SOFR, plus an interest rate margin ranging from 3.36% to 3.68%. The obligation to pay principal and interest on the loans under the Term Loan Facility is jointly and severally guaranteed on a full and unconditional basis by certain of the Company's wholly-owned domestic subsidiaries. The loans under the Term Loan Facility are secured on a first-priority lien basis by certain assets of the Company and guarantors that do not constitute priority collateral of the ABL Facility and on a second-priority lien basis by priority collateral of the ABL Facility, subject to customary exceptions. As of January 28, 2023 February 3, 2024, the interest rate on loans under the Term Loan Facility was 7.98% 8.89%.

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On August 2, 2021, the Company also entered into a senior secured asset-based revolving credit facility. The ABL Facility allows for borrowings and letters of credit in U.S. dollars or Canadian dollars and has aggregate commitments of \$750 million and an expiration date of August 2026. The availability under the ABL Facility is the lesser of (i) the borrowing base, determined primarily based on the Company's eligible U.S. and Canadian credit card receivables, eligible accounts receivable, eligible inventory and eligible real property, and (ii) the aggregate commitment. Interest In May 2023, the Company amended its ABL Facility to allow for an early transition to using Term SOFR as the applicable reference rate to calculate interest instead of LIBOR. Prior to the amendment, interest on the loans under the ABL Facility was calculated by reference to (i) LIBOR or an alternative base rate and (ii) in the case of loans denominated in Canadian dollars, CDOR or a Canadian base rate, plus an interest rate margin based on average daily excess availability ranging from (x) in the case of LIBOR and CDOR loans, 1.50% to 2.00% and (y) in the case of alternate base rate loans and Canadian base rate loans, 0.50% to 1.00%. In accordance with the amendment, interest on Term SOFR loans under the ABL Facility is now calculated by reference to Term SOFR, plus an interest rate margin based on average daily excess availability ranging from 1.60% to 2.10%. Unused commitments under the ABL Facility accrue an unused commitment fee ranging from 0.25% to 0.30%. The obligation to pay principal and interest on the loans under the ABL Facility is jointly and severally guaranteed on a full and unconditional basis by certain of the Company's wholly-owned domestic and Canadian subsidiaries. The loans under the ABL Facility are secured on a first-priority lien basis by the Company's eligible U.S. and Canadian credit card receivables, eligible accounts receivable, eligible inventory and eligible real property and on a second-priority lien basis on substantially all other assets of the Company, subject to customary exceptions.

During 2022, the Company borrowed \$465 million and \$295 million from the ABL Facility all during 2023 and 2022, respectively, and made payments of which remains outstanding as of January 28, 2023, \$615 million under the ABL Facility during 2023. As of January 28, 2023 February 3, 2024, there were borrowings of \$145 million outstanding under the ABL Facility and the interest rate on the borrowings from the ABL Facility was 5.90% 7.46%. The Company had \$42 \$19 million of outstanding letters of credit as of January 28, 2023 February 3, 2024 that further reduced its availability under the ABL Facility. As of January 28, 2023 February 3, 2024, the Company's remaining availability under the ABL Facility was \$259 \$423 million.

On August 2, 2021, the Company used the net cash proceeds from the credit facilities of \$384 million, which were net of issuance and financing costs of \$10 million for the Term Loan Facility and \$6 million for the ABL Facility, to partially fund the approximately \$976 million cash payment to the Former Parent in connection with the Separation. The discounts and issuance costs from the Term Loan Facility are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

The Company's long-term debt and borrowing facilities contain certain financial and other covenants, including, but not limited to, the maintenance of financial ratios. The 2029 Notes and the Term Loan Facility include the maintenance of a consolidated coverage ratio and a consolidated total leverage ratio, and the ABL Facility includes the maintenance of a fixed charge coverage ratio and a debt to EBITDAR ratio. The financial covenants could, within specific predefined circumstances, limit the Company's ability to incur additional indebtedness, make certain investments, pay dividends or repurchase shares. As of January 28, 2023 February 3, 2024, the Company was in compliance with all covenants under its long-term debt and borrowing facilities.

Foreign Facilities

Certain The Company elected the optional expedient under Accounting Standards Update No. 2020-04, *Reference Rate Reform*, in connection with amending its Term Loan Facility and ABL Facility agreements to replace the reference rate from LIBOR to Term SOFR to consider the amendments as a continuation of the Company's China subsidiaries previously utilized revolving and term loan bank facilities existing contract without having to support their operations. The Foreign Facilities allowed borrowings in U.S. dollars and Chinese Yuan, and interest rates on outstanding borrowings were based upon the applicable benchmark rate for the currency of each borrowing.

Certain of these facilities were guaranteed by the Former Parent and certain of the Former Parent's wholly-owned subsidiaries. The Secured Foreign Facilities allowed for borrowings and letters of credit up to \$30 million. The Company borrowed \$21 million and made payments of \$126 million perform an assessment that would otherwise be required under the Secured Foreign Facilities during 2020. The Company had no borrowings or payments under the Secured Foreign Facilities during 2021. During the second quarter of 2021, with no borrowings outstanding, the Company terminated the Secured Foreign Facilities.

The Company borrowed \$13 million and made payments of \$63 million under the unsecured Foreign Facilities during 2020. During the second quarter of 2020, with no borrowings outstanding, the Company terminated the unsecured Foreign Facilities.

Long-term Debt due to Former Parent

During 2020, the Company borrowed \$97 million from the Former Parent to pay down outstanding debt with external parties. This borrowing was due in September 2025 and had a variable interest rate based on the China Loan Prime Rate. As a result of the Separation, the Company no longer has this Long-term Debt due to Former Parent. Prior to the Separation, the Company recognized \$2 million of interest expense during 2021 related to this borrowing. GAAP.

14. Fair Value Measurements

Cash and Cash Equivalents include cash on hand, deposits with financial institutions and highly liquid investments with original maturities of 90 days or less. The Company's Cash and Cash Equivalents are considered Level 1 fair value measurements as they are valued using unadjusted quoted prices in active markets for identical assets.

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The following table provides a summary of the principal value and estimated fair value of outstanding debt as of January 28, 2023 February 3, 2024 and January 29, 2022 January 28, 2023:

	January 28, 2023	January 29, 2022		
	February 3, 2024		February 3, 2024	January 28, 2023
		(in millions)	(in millions)	
Principal Value	Principal Value	\$ 995	\$ 999	
Fair Value, Estimated	Fair Value, Estimated			
(a)	(a)	894	975	

(a) The estimated fair value of the Company's publicly traded debt is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC 820, *Fair Value Measurement*. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Management believes that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. Management further believes the principal value of the outstanding debt under the ABL Facility approximates its fair value as of January 28, 2023 February 3, 2024 based on the terms of the borrowings under the ABL Facility.

Recurring Fair Value Measurements

The following table provides a summary of the Company's contingent consideration recognized at fair value related to the Adore Me acquisition as of February 3, 2024 and January 28, 2023 (in millions):

Balance Sheet Location	2024	Level 1	Level 2	Level 3
Accrued Expenses and Other	\$ 74	\$ —	\$ —	\$ 74
Other Long-term Liabilities	18	—	—	18

Balance Sheet Location	January 28,					
	2023	Level 1		Level 2		Level 3
Accrued Expenses and Other	\$ 30	\$ —	\$ —	\$ —	\$ —	30
Other Long-term Liabilities	70	—	—	—	—	70

The estimated fair value of the contingent consideration is valued using a Scenario-Based method and a Monte Carlo simulation which utilize inputs including discount rates, estimated probability of achievement of certain milestones, forecasted revenues, forecasted EBITDA and volatility rates. These are considered Level 3 inputs in accordance with ASC 820, *Fair Value Measurement*. Changes in the fair value of the contingent consideration are recorded within General, Administrative and Store Operating Expenses on the Consolidated and Combined Statements of Income. For additional information regarding the contingent consideration, see Note 2, "Acquisition."

15. Comprehensive Income (Loss)

Comprehensive Income (Loss) includes gains and losses on foreign currency translation and derivative instruments. The cumulative gains and losses on these items are included in Accumulated Other Comprehensive Income on the Consolidated Balance Sheets and Consolidated and Combined Statements of Equity.

The following table provides the rollforward of accumulated other comprehensive income (loss) for 2023:

	Foreign Currency Translation	Accumulated Other Comprehensive Income
(in millions)		
Balance as of January 28, 2023	\$ 1	\$ 1
Other Comprehensive Loss Before Reclassifications	(1)	(1)
Tax Effect	—	—
Current-period Other Comprehensive Loss	(1)	(1)
Balance as of February 3, 2024	\$ —	\$ —

The following table provides the rollforward of accumulated other comprehensive income for 2022:

		Accumulated		Income (Loss)	
		Foreign	Other		
Currency		Comprehensive			
Translation		<u>Income (Loss)</u>			
	Foreign				
	Currency				
	Translation				
	Foreign				
	Currency				
	Translation				
	Foreign				
	Currency				
	Translation				
				Accumulated Other Comprehensive Income	
		(in millions)		(in millions)	
Balance as of	Balance as of				
January 29, 2022	January 29, 2022	\$ 5	\$ 5		
Other Comprehensive Income (Loss)					
Before Reclassifications		(7)	(7)		
Other					
Comprehensive					
Loss Before					
Reclassifications					

Amounts Reclassified from Accumulated Other Comprehensive Income to Paid- in Capital	Amounts Reclassified from Accumulated Other Comprehensive Income to Paid- in Capital	3	3
Tax Effect	Tax Effect	—	—
Current-period Other Comprehensive Loss	Current-period Other Comprehensive Loss	(4)	(4)
Balance as of January 28, 2023	Balance as of January 28, 2023	\$ 1	\$ 1

As a result of the China joint venture agreement completed in April 2022, the Company reclassified \$3 million of accumulated foreign currency translation adjustments related to the joint venture out of Accumulated Other Comprehensive Income and into Paid-in Capital in the first quarter of 2022 in order to reflect the amount attributable to the noncontrolling interest partner. For additional information, see Note 6, "Restructuring Activities."

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The following table provides the rollforward of accumulated other comprehensive income for 2021:

	Foreign Currency Translation	Accumulated Other Comprehensive Income
	(in millions)	
Balance as of January 30, 2021	\$ 4	\$ 4
Other Comprehensive Income Before Reclassifications	1	1
Tax Effect	—	—
Current-period Other Comprehensive Income	1	1
Balance as of January 29, 2022	\$ 5	\$ 5

16. Commitments and Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance and other matters arising out of the normal course of business. Actions filed against the Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy and other claims, including purported class action lawsuits. Management believes that the ultimate liability arising from such claims and contingencies, if any, is not likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

Settlement of Former Parent Derivative Lawsuits

In May 2022, the U.S. District Court of the Southern District of Ohio approved a global settlement regarding certain shareholder actions against the Former Parent that were filed in 2020 and 2021. See Note 14, "Commitments and Contingencies" in the Company's Quarterly Report on Form 10-Q for the quarter ended July 30, 2022 for additional information. Following the Separation, the settlement terms apply to both the Former Parent and the Company. Pursuant to the settlement terms, the Company committed to, among other things, invest \$45 million over at least five years to fund certain management and governance measures required under the settlement agreement.

Occupancy-related Legal Matter

The Company was a tenant of portions of a building known as Two Herald Square, New York, New York (the "Premises") pursuant to an Agreement of Lease dated August 22, 2001 (the "Lease") with Herald Square Owner LLC (the "Landlord"). On February 20, 2021, the Company surrendered the Premises to the Landlord. On February 16, 2021, the Landlord filed a Motion for Partial Summary Judgment seeking treble holdover damages against the Company for the period commencing June 9, 2020 through February 20, 2021, the date on which the Company vacated and surrendered the Premises. By an order dated July 21, 2021, the court granted the Landlord's motion and awarded it damages in an amount equal to three times the aggregate of the rents and charges payable under the Lease during the last month of the term of the Lease. On August 6, 2021, judgment was entered against the Company in the amount of \$23 million. On September 15, 2021, the Landlord filed a Motion for Partial Summary Judgment seeking treble holdover damages against the Company for the period commencing February 21, 2021 through September 30, 2021. By an order dated April 22, 2022, the court granted the Landlord's motion and awarded it damages in an amount equal to three times the aggregate of the rents and charges payable under the Lease during the last month of the term of the Lease. On May 9, 2022, judgment was entered against the Company in the amount of \$22 million. The Company appealed both judgments; on March 2, 2023, the appellate court issued a denial of the appeals. As of the end of fiscal year 2022, we were fully accrued for both judgments along with interest and attorney fees. Subsequent to the end of fiscal year 2022, the Company paid the Landlord for the judgment amount in full.

17. Retirement Benefits

The Company sponsors a tax-qualified defined contribution retirement plan for employees who meet certain age and service requirements. The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associate contributions and Company matching contributions vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service. Total expense recognized related to the qualified plan was \$42 million for 2023, \$43 million for 2022 and \$43 million for 2021 and \$38 million for 2020.

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The Former Parent previously sponsored a non-qualified supplemental retirement plan. The non-qualified plan was an unfunded plan which provided benefits beyond the Internal Revenue Code limits for qualified defined contribution plans. On June 27, 2020 (the "Termination Date"), the Human Capital and Compensation Committee of the Former Parent's Board of Directors authorized the termination of the non-qualified plan. Subsequent to the Termination Date, no additional employee contributions could be made to the non-qualified plan. The Company had a liability of \$66 million related to the non-qualified plan within Accrued Expenses and Other on the January 30, 2021 Consolidated Balance Sheet. All benefits and obligations due under the non-qualified plan were fully paid during the second quarter of 2021. Total expense recognized related to the non-qualified plan was not significant for any period presented.

18. Shareholders' Equity

Common Stock Share Repurchases & Treasury Stock Retirements

March 2024 Share Repurchase Program

In March 2024, subsequent to the end of fiscal year 2023, the Company's Board of Directors approved the March 2024 Share Repurchase Program, authorizing the repurchase of up to \$250 million of the Company's common stock, subject to market conditions and other factors, through open market, accelerated share repurchase or privately negotiated transactions, including pursuant to one or more Rule 10b5-1 trading plans. The March 2024 Share Repurchase Program is open-ended in term, eligible to begin immediately and will continue until exhausted.

January 2023 Share Repurchase Program

In January 2023, the Company's Board of Directors approved the January 2023 Share Repurchase Program, authorizing the repurchase of up to \$250 million of the Company's common stock. The \$250 million authorization, is expected to be which expired at the end of 2023, was utilized in 2023 to repurchase shares in the open market subject to market conditions and other factors. Shares acquired through under the accelerated share repurchase agreement described below.

In February 2023, as part of the January 2023 Share Repurchase Program, will be available to meet obligations under equity compensation plans and for general corporate purposes. The January 2023 Share Repurchase Program began upon completion of the March 2022 Share Repurchase Program and will continue until exhausted, but no later than the end of fiscal year 2023. The Company did not repurchase any shares of its common stock under the January 2023 Share Repurchase Program during fiscal year 2022.

Subsequent to the end of fiscal year 2022, the Company entered into the ASR Agreement with Goldman Sachs to repurchase \$125 million of the Company's common stock. In February 2023, the Company made an initial payment of \$125 million to Goldman Sachs and received an initial delivery of 2.4 million shares of the Company's common stock. As a result of the initial share delivery, there was an additional \$1 million increase in Treasury Stock, which reflects the excise tax liability recorded related to the share repurchase in accordance with the Inflation Reduction Act of 2022.

In May 2023, upon final settlement of the ASR Agreement, the Company received an additional 1.3 million shares of the Company's common stock from Goldman Sachs. The final number of shares to be repurchased will be received was based on the volume-weighted average price of the Company's common stock during the term of the ASR Agreement, less a discount and subject to adjustments pursuant to the terms of the ASR Agreement.

The final Company repurchased the following shares of its common stock under the January 2023 Share Repurchase Program during 2023:

	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in millions)	(in thousands)	(in millions)	
January 2023 Share Repurchase Program	\$ 250	3,652	\$ 125	\$ 34.22

Shares repurchased under the January 2023 Share Repurchase Program were retired upon repurchase. As a result, the Company retired the 3.7 million shares repurchased in connection with the settlement of the ASR Agreement is expected to be completed during 2023. The retirement resulted in a reduction of \$126 million in Treasury Stock, less than \$1 million in the second quarter par value of Common Stock, \$9 million in Paid-in Capital and \$117 million in Retained Earnings during 2023. The ASR Agreement is a component of the January 2023 Share Repurchase Program.

March 2022 Share Repurchase Program

In March 2022, the Company's Board of Directors approved the March 2022 Share Repurchase Program, providing for the repurchase of up to \$250 million of the Company's common stock. The full \$250 million authorization was utilized in fiscal year 2022 to repurchase shares in the open market, subject to market conditions and other factors.

The Company repurchased the following shares of its common stock under the March 2022 Share Repurchase Program during 2022:

	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in millions)	(in thousands)	(in millions)	
March 2022 Share Repurchase Program	\$ 250	5,985	\$ 250	\$ 41.77

In accordance with the Board of Directors' resolution, shares

Shares of the Company's common stock repurchased under the March 2022 Share Repurchase Program were retired upon repurchase and were available to meet obligations under equity compensation plans and for general corporate purposes. As a result, the Company retired all the shares repurchased under the March 2022 Share

Repurchase Program during 2022, which resulted in reductions of less than \$1 million in the par value of Common Stock, \$12 million in Paid-in Capital and \$238 million in Retained Earnings.

December 2021 ASR Agreement

In December 2021, the Company entered into a December 2021 ASR Agreement with Goldman Sachs to repurchase \$250 million of the Company's common stock. In December 2021, the Company made an initial payment of \$250 million to Goldman Sachs and received an initial delivery of 4.1 million shares of the Company's common stock. The \$250 million payment to Goldman Sachs was recognized as a reduction to shareholders' equity, consisting of a \$200 million increase in Treasury Stock, which reflects the value of the initial 4.1 million shares received upon initial settlement, and a \$50 million decrease in Paid-in Capital, which reflects the value of the stock held back by Goldman Sachs pending final settlement of the December 2021 ASR Agreement. In accordance with During 2021, the Board of Directors' resolution, the Company immediately retired the 4.1 million shares repurchased under the December 2021 ASR Agreement. The retirement resulted in a reduction of \$200 million in Treasury Stock, less than \$1 million in the par value of Common Stock, \$8 million in Paid-in Capital and \$192 million in Retained Earnings.

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In February 2022, upon final settlement of the December 2021 ASR Agreement, the Company received an additional 0.3 million shares of the Company's common stock from Goldman Sachs. The final number of shares received under the December 2021 ASR Agreement was based on the daily average of the volume-weighted average share price of the Company's common stock over the term of the December 2021 ASR Agreement, less a discount and subject to other adjustments pursuant to the terms of the December 2021 ASR Agreement. The delivery of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted net income per share. In connection with the settlement of the December 2021 ASR Agreement, \$50 million previously recorded in Paid-in Capital as of January 29, 2022, was reclassified to Treasury Stock in the first quarter of 2022. In February 2022, the Company immediately retired the additional 0.3 million shares repurchased in connection with the settlement of the December 2021 ASR Agreement. The retirement resulted in a reduction of \$50 million in Treasury Stock, less than \$1 million in the par value of Common Stock, less than \$1 million in Paid-in Capital and nearly \$50 million in Retained Earnings.

19. Share-based Compensation

Plan Summary

Prior to the Separation, certain Company employees participated in the stock option and performance incentive plan of the Former Parent ("Former Parent's Plan"). In connection with the Separation, the Company's Board of Directors approved the 2021 Stock Option and Performance Incentive Plan ("2021 Plan"). The 2021 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted shares, restricted share units, performance share units, unrestricted shares, converted awards, replacement awards and substitute awards.

Under the Company's 2021 Plan, 11 million options, restricted shares and unrestricted shares have been authorized to be granted to employees and directors, in addition to the converted awards from the Separation. There were 9 million 6 million options and shares available for grant as of January 28, 2023 February 3, 2024.

Conversion at Separation

Under the terms of the Employee Matters Agreement between the Company and the Former Parent, in connection with the Separation, restricted stock and stock option equity awards granted to Company employees under the Former Parent's Plan were converted to awards representing approximately 6.0 million shares of the Company's common stock (the "Converted Awards") under the Company's 2021 Plan. Adjustments to the underlying shares and terms of outstanding restricted stock and stock options were made to preserve the intrinsic value of the awards immediately before the Separation. The adjustment of the underlying shares and exercise prices, as applicable, was determined using a conversion ratio of 1.665 based on the relative values of the Former Parent's pre-Separation stock price and the Company's post-Separation stock price. The outstanding awards continue to vest over their original vesting periods. The Company did not recognize any incremental compensation cost related to the adjustment of outstanding awards.

Income Statement Impact

For the period prior to the Separation, the following disclosures of share-based compensation expense recognized by the Company are based on grants related directly to Company employees, and exclude amounts related to the allocation of the Former Parent's corporate and shared employee share-based compensation expenses.

The following table provides share-based compensation expense included in the Consolidated and Combined Statements of Income (Loss) for 2023, 2022 2021 and 2020: 2021:

	2022	2021	2020		2023	2022	2021
					(in millions)		
Costs of Goods Sold, Buying and Occupancy	Costs of Goods Sold, Buying and Occupancy	\$18	\$12	\$ 9			
General, Administrative and Store Operating Expenses	General, Administrative and Store Operating Expenses	30	21	16			

Total Share-based Compensation Expense	Total Share-based Compensation Expense	\$48	\$33	\$25
--	--	------	------	------

The tax benefit associated with recognized share-based compensation expense was \$9 million for 2022, \$6 million for 2023, \$9 million for 2021 and \$6 million for 2020.

Restricted Stock

Restricted stock, including restricted stock units and performance share units, generally vests (the restrictions lapse) at the end of a three-year period or on a graded basis over a three-year period. The fair value of restricted stock awards is generally based on the market value of an unrestricted share on the grant date adjusted for anticipated dividend yields, if applicable.

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During 2023 and 2022, the Company granted performance share unit awards that include a specified market condition which can adjust the number of shares that vest under the award. The market condition compares the Company's total shareholder return to that of a designated peer group over the performance period. The performance share unit awards were valued using a Monte Carlo simulation model, which requires certain assumptions, including a risk-free interest rate of 4.0% and 2.1% for 2023 and 2022, respectively, and an expected volatility of 47.1% and 46.3% for 2023 and 2022, respectively. The risk-free interest rate assumption is based on U.S. treasury constant maturity yields on the grant date with a term corresponding to the length of the remaining performance period. Due to the Company's limited trading history, the expected volatility assumption is based on the average historical volatility of the designated peer group. There was no dividend yield utilized in the Monte Carlo simulation model as the Company has not paid any cash dividends since the Separation.

As discussed above, restricted stock awards granted to Company employees under the Former Parent's Plan prior to the Separation were converted to shares of the Company's common stock in connection with the Separation. The Converted Awards have the same terms and conditions as the original awards, including the original vesting periods.

The following table provides the Company's restricted stock activity for the fiscal year ended **January 28, 2023** **February 3, 2024**:

				Number of Shares	Weighted-Average
				Number of Shares	Grant Date
					Fair Value
(in thousands)					
Unvested as of					
January 29, 2022		4,132	\$ 23.04		
Unvested					
as of					
January					
28, 2023					
Granted	Granted	1,872	47.63		
Vested	Vested	(2,312)	15.76		
Cancelled	Cancelled	(426)	40.71		
Unvested as of					
January 28, 2023		3,266	\$ 39.98		
Unvested					
as of					
February					
3, 2024					

The weighted-average estimated fair value of restricted stock awards granted was \$28.60 per share for 2023, \$47.63 per share for 2022 and \$56.63 per share for 2021 after the Separation.

The Company's total intrinsic value of restricted stock awards that vested was \$35 million for 2023, \$118 million for 2022 and \$11 million for 2021 after the Separation. The Company's total fair value at grant date of restricted stock awards that vested was \$36 million for 2023, \$36 million for 2022 and \$3 million for 2021 after the Separation. The tax benefit realized from tax deductions associated with restricted stock awards that vested was \$27 million for 2023, \$27 million for 2022 and \$2 million for 2021 after the Separation.

As of **January 28, 2023** **February 3, 2024**, there was \$50 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted stock. That cost is expected to be recognized over a weighted-average period of 1.6 years.

Stock Options

In connection with the Separation, stock options granted to Company employees under the Former Parent's Plan were converted to awards representing approximately 1.7 million shares of the Company's common stock. No stock options have been granted by the Company subsequent to the Separation.

Stock options granted under the Former Parent's Plan have a maximum term of 10 years and generally vest ratably over three to five years. The fair value of stock options was determined using the Black-Scholes option-pricing model. Stock options were granted with an exercise price equal to the fair market value of the stock on the date of grant. The determination of the fair value of the options was affected by the Former Parent's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards and projected employee stock option exercise behaviors. Intrinsic value for stock options is the difference between the current market value of the Company's stock and the option strike price. The Company's stock option activity, including stock options granted, exercised or cancelled, for Company employees for the fiscal year ended **January 28, 2023** **February 3, 2024** was not significant.

As of **January 28, 2023** **February 3, 2024**, there was \$1 million of the total unrecognized compensation cost, net of estimated forfeitures, related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.1 years. options was not significant. As of **January 28, 2023** **February 3, 2024**, there were **1.31.0** million outstanding stock options, the majority of which were fully vested, with a total intrinsic value of **\$11.2** million.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting. Management's Report on Internal Control Over Financial Reporting as of **January 28, 2023** **February 3, 2024** is set forth in Item 8. Financial Statements and Supplementary Data.

Attestation Report of the Registered Public Accounting Firm. The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting as of **January 28, 2023** **February 3, 2024** is set forth in Item 8. Financial Statements and Supplementary Data.

Changes in internal control over financial reporting. **There** We are continuing to integrate Adore Me into our internal control over financial reporting. Other than the changes with regard to the integration of Adore Me, there were no changes in our internal control over financial reporting that occurred in the fourth quarter **2022** of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

On March 15, 2023, our Board of Directors approved amended and restated bylaws (the "Second Amended and Restated Bylaws"), which became effective the same day. The amendments effected by the Second Amended and Restated Bylaws (i) clarify that stockholders have the right to amend the Company's bylaws, (ii) address matters relating to the SEC's adoption of the universal proxy rules in Rule 14a-19 of the Exchange Act, and (iii) clarify the adjournment procedures for virtual meetings of stockholders to reflect recent amendments to the Delaware General Corporation Law.

The foregoing description is not complete and is qualified in its entirety by reference to the full text of the Second Amended and Restated Bylaws, a copy of which is attached as Exhibit 3.2 hereto and is hereby incorporated by reference. None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our directors and corporate governance is set forth under the captions "Proposal One: Election of Directors," "Corporate Governance—Role of the Board," "—Board Composition," "—Board Policies and Practices," "—Board Committees," "—Corporate Governance Policies and Practices," and "Beneficial Ownership of Shares" in the Proxy Statement for our **2023** **2024** annual meeting of stockholders (the "Proxy Statement") and is incorporated herein by reference. Information regarding compliance with Section 16(a) of the Exchange Act is set forth under the caption "Beneficial Ownership of Shares—Delinquent Section 16(a) Reports" in the Proxy Statement and is incorporated herein by reference. Information regarding executive officers is set forth herein under the caption "Executive Officers of Registrant" in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding executive compensation is set forth under the captions "Director Compensation," "Compensation Discussion and Analysis," and "Corporate Governance—Board Policies and Practices—Compensation Committee Interlocks and Insider Participation" in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information regarding the security ownership of certain beneficial owners and management is set forth under the **caption** **captions** "Beneficial Ownership of Shares" and "Proposal Four: Amendment to VS 2021 Stock Plan" in the Proxy Statement and is incorporated herein by reference.

The following table summarizes share and exercise price information about the Company's equity compensation plans as of January 28, 2023.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	4,522,323	\$ 34.95 (2)	8,712,016
Equity compensation plans not approved by security holders	—	—	—
Total	4,522,323	\$ 34.95	8,712,016

(1) Includes the Victoria's Secret & Co. 2021 Stock Option and Performance Incentive Plan.

(2) Does not include outstanding rights to receive common stock upon the vesting of restricted share awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information regarding certain relationships and related transactions is set forth under the captions "Related Party Transactions" and "Corporate Governance—Board Composition—Director Independence" in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information regarding principal accountant fees and services is set forth under the captions "Proposal Three: Five: Ratification of Appointment of Independent Registered Public Accounting Firm—Fees of Independent Registered Public Accounting Firm" in the Proxy Statement and is incorporated herein by reference.

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PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) (1) Consolidated and Combined Financial Statements

The following consolidated and combined financial statements of Victoria's Secret & Co. are filed as part of this report under Item 8. Financial Statements and Supplementary Data:

Management's Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Consolidated and Combined Financial Statements

Consolidated and Combined Statements of Income (*Loss*) for the Years Ended **January 28, 2023** **February 3, 2024**, **January 29, 2022** **January 28, 2023** and **January 30, 2021** **January 29, 2022**

Consolidated and Combined Statements of Comprehensive Income (*Loss*) for the Years Ended **January 28, 2023** **February 3, 2024**, **January 29, 2022** **January 28, 2023** and **January 30, 2021** **January 29, 2022**

Consolidated Balance Sheets as of **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023**

Consolidated and Combined Statements of Equity for the Years Ended **January 28, 2023** **February 3, 2024**, **January 29, 2022** **January 28, 2023** and **January 30, 2021** **January 29, 2022**

Consolidated and Combined Statements of Cash Flows for the Years Ended **January 28, 2023** **February 3, 2024**, **January 29, 2022** **January 28, 2023** and **January 30, 2021** **January 29, 2022**

Notes to Consolidated and Combined Financial Statements

(2) Financial Statement Schedules

Schedules have been omitted because they are not required or are not applicable or because the information required to be set forth therein either is not material or is included in the financial statements or notes thereto.

(3) List of Exhibits

2. Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession
- 2.1 [Separation and Distribution Agreement between L Brands, Inc. and Victoria's Secret & Co., dated August 2, 2021 \(incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on August 3, 2021\).](#)
- 2.2 [Agreement and Plan of Merger, dated as of November 1, 2022, by and among Victoria's Secret & Co., Fashion Holding Group, Inc., AdoreMe, Inc. and Fortis Advisors LLC \(incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on November 1, 2022\).](#)
3. Articles of Incorporation and Bylaws.
- 3.1 [Amended and Restated Certificate of Incorporation of Victoria's Secret & Co. \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on August 3, 2021\).](#)
- 3.2 [Second Amended and Restated Bylaws of Victoria's Secret & Co. Co. \(incorporated by reference to Exhibit 3.2 to the Company's Form 10-K filed on March 17, 2023\).](#)
4. Instruments Defining the Rights of Security Holders.
- 4.1 [Description of the Registrant's Securities.](#)
- 4.2 [Indenture, dated July 15, 2021, among Victoria's Secret, the guarantors named therein and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on August 3, 2021\).](#)
- 4.3 [Supplemental Indenture, dated August 2, 2021, among Victoria's Secret, the guarantors named therein and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 3, 2021\).](#)
10. Material Contracts.

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10.1**	Retention Agreement by and between L Brands, Inc. and Greg Unis, dated as of September 15, 2020 (incorporated by reference to Exhibit 10.19 to the Company's Form 10/A filed on July 1, 2021).
10.2**	Executive Employment Agreement by and between VS Service Company, LLC and Martin Waters, dated as of May 22, 2021 (incorporated by reference to Exhibit 10.16 to the Company's Form 10/A filed on July 1, 2021).
10.3**	Executive Severance Agreement by and between VS Service Company, LLC and Amy Hauk, dated as of June 28, 2021 (incorporated by reference to Exhibit 10.18 to the Company's Form 10/A filed on July 1, 2021).
10.4**	Executive Severance Agreement by and between VS Service Company, LLC and Greg Unis, dated as of June 28, 2021 (incorporated by reference to Exhibit 10.20 to the Company's Form 10/A filed on July 1, 2021).
10.5* 10.4**	Executive Severance Agreement by and between VS Service Company, LLC and Timothy Johnson, dated as of June 28, 2021 (incorporated by reference to Exhibit 10.21 to the Company's Form 10/A filed on July 1, 2021).
10.6* 10.5**	Form of Victoria's Secret & Co. 2021 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.7 to the Company's Form 10/A filed on July 1, 2021).
10.7* 10.6**	Form of Victoria's Secret & Co. 2021 Stock Option and Performance Incentive Plan Stock Option Award Agreement (incorporated by reference to Exhibit 10.8 to the Company's Form 10/A filed on July 1, 2021).
10.8* 10.7**	Form of Victoria's Secret & Co. 2021 Stock Option and Performance Incentive Plan Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.12 to the Company's Form 10/A filed on July 1, 2021).
10.9* 10.8**	Victoria's Secret & Co. 2021 Stock Option and Performance Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Form S-8 filed on July 19, 2021).
10.10* 10.9**	Victoria's Secret & Co. Associate Stock Purchase Plan (incorporated by reference to Exhibit 99.2 to the Company's Form S-8 filed on July 19, 2021).
10.11 10.10	L Brands to VS Transition Services Agreement between L Brands, Inc. and Victoria's Secret & Co., dated August 2, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 3, 2021).
10.12 10.11	VS to L Brands Transition Services Agreement between L Brands, Inc. and Victoria's Secret & Co., dated August 2, 2021 (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 3, 2021).
10.13 10.12	Tax Matters Agreement between L Brands, Inc. and Victoria's Secret & Co., dated August 2, 2021 (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on August 3, 2021).
10.14 10.13	Employee Matters Agreement between L Brands, Inc. and Victoria's Secret & Co., dated August 2, 2021 (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on August 3, 2021).
10.15 10.14	Domestic Transportation Services Agreement between Mast Logistics Services, LLC and Victoria's Secret & Co., dated August 2, 2021 (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on August 3, 2021).
10.16 10.15	First Lien Credit Agreement by and among Victoria's Secret & Co. and the Lenders named therein and JP Morgan Chase Bank, N.A., dated August 2, 2021 (incorporated by reference to Exhibit 10.6 to the Company's Form 8-K filed on August 3, 2021).
10.17 10.16	Revolving Credit Agreement by and among Victoria's Secret & Co. and the Lenders named therein and JPMorgan Chase Bank, N.A., dated August 2, 2021 (incorporated by reference to Exhibit 10.7 to the Company's Form 8-K filed on August 3, 2021).
10.18* 10.17**	Victoria's Secret & Co. 2021 Cash Incentive Compensation Performance Plan (incorporated by reference to Exhibit 10.8 to the Company's Form 8-K filed on August 3, 2021).
10.19 10.18	Form of Indemnification Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 10, 2021).
10.20** 10.19	Executive Severance Agreement by and between VS Service Company, LLC and Dein Boyle, dated as of June 28, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on June 3, 2022).

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10.21	Amendment No. 1 to L Brands to VS Transition Services Agreement between Bath and Body Works, Inc. and Victoria's Secret & Co., dated July 20, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on September 8, 2022).
10.22 10.20	Amendment No. 1 to VS to L Brands Transition Services Agreement between Bath and Body Works, Inc. and Victoria's Secret & Co., dated July 20, 2022 (incorporated by reference to Exhibit 10.1 10.2 to the Company's Form 10-Q filed on September 8, 2022).

10.23^ 10.21^	Amendment No. 2 to L Brands to VS Transition Services Agreement between Bath and Body Works, Inc. and Victoria's Secret & Co., dated January 23, 2023 (incorporated by reference to Exhibit 10.23 to the Company's Form 10-K filed on March 17, 2023).
10.24^ 10.22^	Amendment No. 2 to VS to L Brands Transition Services Agreement between Bath and Body Works, Inc. and Victoria's Secret & Co., dated January 23, 2023 (incorporated by reference to Exhibit 10.24 to the Company's Form 10-K filed on March 17, 2023).
10.23**	Executive Severance Agreement by and between VS Service Company, LLC and Christine Rupp, dated as of June 20, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on June 2, 2023).
10.24^	Amendment No. 1 to First Lien Credit Agreement by and among Victoria's Secret & Co. and the Lenders named therein and JP Morgan Chase Bank, N.A., dated May 8, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on September 1, 2023).
10.25	Amendment No. 1 to Revolving Credit Agreement by and among Victoria's Secret & Co. and the Lenders named therein and JPMorgan Chase Bank, N.A., dated May 8, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on September 1, 2023).
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP, LLP, independent registered public accounting firm.
24.1	Powers of Attorney.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

** Identifies management contracts or compensatory plans or arrangements.

^ Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request by the Securities and Exchange Commission.

(b) Exhibits.

The exhibits to this report are listed in section (a)(3) of Item 15 above.

(c) Not applicable.

ITEM 16. FORM 10-K SUMMARY.

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **March 17, 2023** **March 22, 2024**

VICTORIA'S SECRET & CO. (Registrant)

By: /s/ Timothy Johnson
 Timothy Johnson
 Chief Financial and Administrative Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 17, 2023 March 22, 2024:

<u>Signature</u>	<u>Title</u>
/s/ Martin Waters	Director and Chief Executive Officer (Principal Executive Officer)
Martin Waters	
/s/ Timothy Johnson	Chief Financial and Administrative Officer (Principal Financial Officer and Principal Accounting Officer)
Timothy Johnson	
/s/ Donna James*	Chair of the Board of Directors
Donna James	
/s/ Irene Chang Britt*	Director
Irene Chang Britt	
/s/ Jacqueline Hernández*	Director
Jacqueline Hernández	
/s/ Lauren Peters*	Director
Lauren Peters	
/s/ Sarah Davis*	Director
Sarah Davis	
/s/ Anne Sheehan*	Director
Anne Sheehan	
/s/ Mariam Naficy *	Director
Mariam Naficy	
/s/ Rod Little*	Director
Rod Little	

* The undersigned, by signing his name hereto, does hereby sign this report on behalf of each of the above-indicated directors of the registrant pursuant to powers of attorney executed by such directors.

By: /s/ Timothy Johnson
 Timothy Johnson
 Attorney-in-fact

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Exhibit 3.2

SECOND AMENDED AND RESTATED BYLAWS OF VICTORIA'S SECRET & CO.

Adopted as of March 15, 2023

ARTICLE I STOCKHOLDERS

Section 1.01. Annual Meeting. An annual meeting of the stockholders of this corporation shall be held for the purpose of electing directors and transacting such other business as may properly come before the meeting.

Section 1.02. Special Meetings.

1.02.01. Special meetings of the stockholders may be called at any time by the chair of the board of directors (the "Board of Directors"), any vice chair of the Board of Directors, or in case of the death, absence, or disability of the chair of the Board of Directors (and, if elected, a vice chair of the Board of Directors), the chief executive officer, or in the case of the chief executive officer's death, absence or disability, the president, or in case of the president's death, absence, or disability, the vice president, if any, authorized to exercise the authority of the president, or a majority of the Board of Directors acting with or without a meeting and may not be called by any other person or persons; provided that if and to the extent that any special meeting of stockholders may be called by any other person or persons specified in any provision of the certificate of incorporation or any amendment thereto or any certificate filed under Section 151(g) of the Delaware General Corporation Law (the "DGCL") (or its successor statute as in effect from time to time), then

such special meeting may also be called by such person or persons. A special meeting shall be held only in the manner, at the times and for the purposes specified on the notice of meeting or at the meeting by the person or persons properly calling the meeting in accordance with this Section 1.02.01. For the avoidance of doubt, the Board of Directors shall be permitted to submit matters to the stockholders at any special meeting requested by the stockholders pursuant to Section 1.02.02.

1.02.02. A special meeting of stockholders shall be called by the Board of Directors pursuant to Section 1.02.01 at the written request or requests to the secretary (the "secretary") of the corporation (each, a "Special Meeting Request" and, collectively, the "Special Meeting Requests") of holders of record who Own (as defined in Section 2.05) or, if such Special Meeting Request is made on behalf of one or more beneficial owners, of such beneficial owners who Own, at least 25% of the number of outstanding shares of common stock of the corporation entitled to vote on the matter or matters to be brought before the proposed special meeting (the "Requisite Percentage"). The Special Meeting Requests to the secretary shall be signed and dated by each stockholder of record (or a duly authorized agent of such stockholder) requesting the special meeting (each, a "Requesting Stockholder"), shall comply with this Section 1.02.02 and, if applicable, Section 2.04, and shall include (i) a statement of the specific purpose or purposes of the special meeting, (ii) the information required by Section 1.12 and, if applicable, Section 2.04, (iii) an acknowledgment by the Requesting Stockholders and the beneficial owners, if any, on whose behalf the Special Meeting Requests are being made that a disposition (prior to the time of the special meeting) of shares of the corporation's stock Owned as of the date on which a Special Meeting Request in respect of such shares is delivered to the secretary shall constitute a revocation of such Special Meeting Request with respect to such disposed shares and (iv) documentary evidence that the Requesting Stockholders or the beneficial owners, if any, on whose behalf the Special Meeting Requests are being made Own the Requisite Percentage as of the dates of such written requests to the secretary; provided, however, that if the Requesting Stockholders are not the beneficial owners of the shares representing the Requisite Percentage, then to be valid, the Special Meeting Requests must also include documentary evidence (or, if not simultaneously provided with any Special Meeting Request, such documentary evidence must be delivered to the secretary within 10 business days after the date on which such Special Meeting Request is delivered to the secretary) that the beneficial owners on whose behalf the Special Meeting Requests are made Own the Requisite Percentage as of the dates on which such Special Meeting Requests are delivered to the secretary. In addition, the Requesting Stockholders and the beneficial owners, if any, on whose behalf the Special Meeting Requests are being made shall promptly provide any other information reasonably requested by the corporation. The information required under clauses (iii), (iv) and (v) of Section 1.12.02(a) shall be supplemented by each Requesting Stockholder and any beneficial owner on whose behalf the Special Meeting Requests are made not later than 10 days after the record date for the special meeting to disclose such information as of the record date.

1.02.03. Special meetings of the stockholders shall be held on such date, at such time, and at such place as may be designated by the Board of Directors in accordance with these bylaws; provided, however, that in the case of a special meeting requested by stockholders pursuant to Section 1.02.02, the date of any such special meeting shall not be more than 90 days after Special Meeting Requests that satisfy the requirements of this Section 1.02 are received by the secretary.

1.02.04. Notwithstanding the foregoing provisions of this Section 1.02, a special meeting requested by stockholders shall not be held if (i) the Special Meeting Requests do not comply with this Section 1.02, (ii) the Special Meeting Requests relate to an item of business that is not a proper subject for stockholder action under the certificate of incorporation or applicable law, (iii) any of the Special Meeting Requests are received by the corporation during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting, (iv) an annual or special meeting of stockholders that included an identical or substantially similar item of business ("Similar Business") was held not more than 120 days before any of the Special Meeting Requests were received by the secretary, (v) the Board of Directors has called or calls for an annual or special meeting of stockholders to be held within 90 days after any of the Special Meeting Requests are received by the secretary and the business to be conducted at such meeting includes Similar Business or (vi) any Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934 and the rules and regulations thereunder (the "Exchange Act") or other applicable law. For purposes of this Section 1.02.04, the nomination, election or removal of directors shall be deemed to be Similar Business with respect to all items of business involving the nomination, election or removal of directors, changing the size of the Board of Directors and filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors. The Board of Directors shall determine in good faith whether the requirements set forth in this Section 1.02.04 have been satisfied. For purposes of Sections 1.02.04, 1.12.01 and 2.04.01 of these bylaws, the first anniversary of the 2021 annual meeting of stockholders shall be deemed to be May 20, 2022.

1.02.05. In determining whether a special meeting of stockholders has been requested by the record holders of shares representing in the aggregate at least the Requisite Percentage, multiple Special Meeting Requests delivered to the secretary will be considered together only if (i) each Special Meeting Request identifies substantially the same purpose or purposes of the special meeting and substantially the same matters proposed to be acted on at the requested special meeting (in each case as determined in good faith by the Board of Directors) and (ii) such Special Meeting Requests have been dated and delivered to the secretary within 60 days of the earliest dated Special Meeting Request. A Requesting Stockholder may revoke a Special Meeting Request at any time by written revocation delivered to the secretary and if, following such revocation, there are outstanding un-revoked requests from Requesting Stockholders holding less than the Requisite Percentage, the Board of Directors may, in its discretion, cancel the special meeting. If none of the Requesting Stockholders appears or sends a duly authorized agent to present the business to be presented for consideration that was specified in the Special Meeting Request, the corporation need not present such business for a vote at such special meeting.

Section 1.03. Time and Place of Meetings. Meetings of stockholders shall be held at such place or, in its sole discretion, by means of remote communication, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors.

Section 1.04. Notices of Meetings. Unless waived, notice of each annual or special meeting, stating the date, time, and place and the purpose or purposes thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, shall be served upon, mailed, or delivered in any other manner permitted under Delaware law, including, but not limited to, electronic delivery, to each stockholder of record entitled to vote or entitled to notice, not more than 60 days nor less than 10 days before any such meeting. If mailed, such notice shall be directed to a stockholder at his or her address as the same appears on the records of the corporation. If a meeting is adjourned to another time or place and such adjournment is for 30 days or less and no new record date is fixed for the adjourned meeting (including an adjournment taken to address a technical failure to convene or constitute a meeting using remote communication), no further notice as to such adjourned meeting need be given if the time and place to which it is adjourned, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are (i) fixed and announced at such meeting or (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication. In the event of a transfer of shares after notice has been given and

prior to the holding of the meeting, it shall not be necessary to serve notice on the transferee. Such notice shall specify the place where the stockholders list will be open for examination prior to the meeting if required by Section 1.08 hereof.

Section 1.05. Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If the Board shall not fix such a record date, (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board of Directors shall adopt the resolution relating thereto. Determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.06. Organization. At each meeting of the stockholders, the chair of the Board of Directors, or, in the chair's absence, any vice chair of the Board of Directors, or, in the absence of any vice chair, the chief executive officer, or, in the chief executive officer's absence, the president, or, in the president's absence, any vice president, or, in any vice president's absence, any person selected by the Board of Directors, or, in the absence of the chair of the Board of Directors, any vice chair of the Board of Directors, the chief executive officer, the president, any vice president, or a person selected by the Board of Directors, any person chosen by a majority in voting interest of the stockholders present in person or by proxy and entitled to vote, shall act as chair, and the secretary, or, in the secretary's absence, the assistant secretary, or, in the assistant secretary's absence, any person whom the chair of the meeting shall appoint, shall act as secretary of the meeting.

Section 1.07. Quorum. A stockholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. Except as otherwise expressly provided by law, the certificate of incorporation, these bylaws, or any certificate filed under Section 151(g) of the DGCL (or its successor statute as in effect from time to time), (i) at any meeting called by the Board of Directors, the presence in person or by proxy of holders of record entitling them to exercise at least one-third of the voting power of the corporation shall constitute a quorum for such meeting, and (ii) at any meeting called other than by the Board of Directors, the presence in person or by proxy of holders of record entitling them to exercise at least a majority of the voting power of the corporation shall constitute a quorum for such meeting. The stockholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, a majority in voting interest of the stockholders present or the chair of the meeting may adjourn the meeting from time to time to such date and time (not more than 30 days after the previously adjourned meeting) and place as they (or the chair of the meeting) may determine, without notice other than by announcement at the meeting of the time and place of the adjourned meeting. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.08. List of Stockholders. The secretary shall prepare and make a complete list of the stockholders of record as of the applicable record date entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 1.09. Order of Business and Procedure. The order of business at all meetings of the stockholders and all matters relating to the manner of conducting the meeting shall be determined by the chair of the meeting. Meetings shall be conducted in a manner designed to accomplish the business of the meeting in a prompt and orderly fashion and to be fair and equitable to all stockholders, but it shall not be necessary to follow any manual of parliamentary procedure.

Section 1.10. Voting.

1.10.01. Each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of the corporation having voting rights on the matter in question and which shall have been held by such person and registered in such person's name on the books of the corporation on the date fixed pursuant to Section 1.05 of these bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting.

1.10.02. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors in such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes.

1.10.03. Any such voting rights may be exercised by the stockholder entitled thereto or by such person's proxy appointed by an instrument in writing or in any other manner then permitted by law, subscribed by such person or such person's attorney thereunto authorized in any manner then permitted by law and delivered to the secretary in sufficient time to permit the necessary examination and tabulation thereof before the vote is taken; provided, however, that no proxy shall be valid after the expiration of three years after its date of execution, unless the stockholder executing it shall have specified therein the length of time it is to continue in force. At any meeting of the stockholders all matters, except as otherwise provided in the certificate of incorporation, in these bylaws, or by applicable law, rules or regulations, shall be decided by the affirmative vote of the holders of a majority of the votes cast at the meeting on such matter, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by

the chair of the meeting or required by the certificate of incorporation. For the purposes of these bylaws, abstentions and broker non-votes shall not be counted as votes cast. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by such person's proxy, if there be such proxy, and it shall state the number of shares voted.

Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

Section 1.11. Inspectors. The Board of Directors, in advance of any meeting of the stockholders, may appoint one or more inspectors to act at the meeting. If inspectors are not so appointed, the person presiding at the meeting may appoint one or more inspectors. If any person so appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at the meeting with strict impartiality and according to the best of such person's ability. The inspectors so appointed shall determine the number of shares outstanding, the shares represented at the meeting, the existence of a quorum and the authenticity, validity, and effect of proxies and shall receive votes, ballots, waivers, releases, or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots, waivers, releases, or consents, determine and announce the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question, or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be *prima facie* evidence of the facts stated and of the vote as certified by them.

Section 1.12. Notice of Business.

1.12.01. At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (i) by or at the direction of the Board of Directors or such other person or persons authorized to present business to a meeting of stockholders in accordance with Section 1.02.01 of these bylaws or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving of the notice provided for in this Section 1.12, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.12; provided that, notwithstanding the foregoing provisions of this Section 1.12, (A) in the case of special meetings, the provisions of Section 1.02 shall govern and (B) in the case of nominations of directors, the provisions of Section 2.04 shall govern. For business to be properly brought by a stockholder before an annual meeting of stockholders, the stockholder must have given timely notice thereof in writing to the secretary. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided that, (A) in the event that the date of the annual meeting is advanced more than 30 days prior to such anniversary date or delayed more than 90 days after such anniversary date then to be timely such notice must be received by the corporation no earlier than 120 days prior to such annual meeting and no later than the later of 90 days prior to the meeting or the 10th day following the day on which public announcement of the date of the meeting was made and (B) a stockholder may deliver or mail the notice contemplated by this Section 1.12 prior to the time periods specified above if earlier delivery or mailing is required under Rule 14a-8 of the Exchange Act, as such Rule may be amended from time to time. In no event shall any adjournment or postponement of an annual meeting or the public announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice.

1.12.02. (a) A stockholder's notice to the secretary (in the case of an annual meeting) or Special Meeting Request (in the case of a special meeting) shall set forth as to each matter the stockholder proposes to bring before the meeting:

(i) a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the text of the proposed amendment) and the reasons for conducting such business at the meeting;

(ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, the beneficial owner, if any, on whose behalf the proposal is made, and any Stockholder Associated Person covered by clauses (iii), (iv) and (v) of this Section 1.12.02(a);

(iii) a description of any agreement, arrangement or understanding between or among such stockholder, the beneficial owner, if any, on whose behalf the proposal is made, or any Stockholder Associated Person, and any other person or persons (including their names), in connection with the proposal of such business;

(iv) (A) the class and number of shares of the corporation which are held of record or are beneficially owned by such stockholder, the beneficial owner, if any, on whose behalf the proposal is made, or by any Stockholder Associated Person with respect to the corporation's securities and (B) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such notice by, or on behalf of, such stockholder, beneficial owner or Stockholder Associated Person, whether or not such agreement, arrangement or understanding shall be subject to settlement in underlying shares of capital stock of the corporation, the effect or intent of which is to increase or decrease the voting power of, mitigate loss to, or manage risk or benefit of share price changes for, such stockholder, such beneficial owner or any Stockholder Associated Person with respect to the corporation's securities;

(v) any material interest of the stockholder, such beneficial owner or any Stockholder Associated Person in such business;

(vi) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting; and

(vii) any other information relating to such stockholder or such beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(b) If requested by the Corporation, the information required under clauses (iii), (iv) and (v) of Section 1.12.02(a) shall be supplemented by such stockholder not later than 10 days after the record date for the meeting to disclose such information as of the record date.

(c) "Stockholder Associated Person" of any stockholder means (i) any person controlling, controlled by or under common control with, or acting in concert with, such stockholder, and (ii) any person controlling, controlled by or under common control with any person described in clause (i). The term "beneficially" held (or any similar term) includes direct or indirect holdings and has the meaning set forth in Rule 13d-3 (or any successor thereto) under the Exchange Act.

1.12.03. If the stockholder does not appear or does not send a duly authorized agent to present the business to be presented for consideration that was specified in the notice submitted pursuant to this Section 1.12, the corporation need not present such business for a vote at such meeting.

1.12.04. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Article I and, when applicable, Section 2.04. The chair of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of the bylaws, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. The provisions of this Section 1.12 are in addition to the applicable requirements of the Exchange Act. Accordingly, notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Section 1.12.

ARTICLE II BOARD OF DIRECTORS

Section 2.01. General Powers of Board. The powers of the corporation shall be exercised, its business and affairs conducted, and its property controlled by the Board of Directors, except as otherwise provided by the law of Delaware or in the certificate of incorporation.

Section 2.02. Number of Directors. The number of directors of the corporation (exclusive of directors to be elected by the holders of any one or more series of Preferred Stock voting separately as a class or classes) shall not be less than 6 nor more than 15, the exact number of directors to be such number as may be set from time to time within the limits set forth above by resolution adopted by affirmative vote of a majority of the whole Board of Directors. As used in these Bylaws, the term "whole Board" means the total number of directors that the corporation would have if there were no vacancies.

Section 2.03. Election of Directors.

2.03.01. Except as otherwise provided in these bylaws, each director shall be elected by the affirmative vote of the holders of a majority of the votes cast at the meeting with respect to that director's election, a quorum being present. For purposes of this Section 2.03, any "withhold" or "against" votes in a director's election will count as a vote cast, but "abstentions" and broker non-votes will not count as a vote cast with respect to that director's election. In a contested election, the nominees receiving a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting at which a quorum is present shall be elected. A "contested election" is one in which, as of the last date by which stockholders may submit notice to nominate a person for election as a director pursuant to Section 2.04 or Section 2.05 of these bylaws, the number of nominees for any election of directors exceeds the number of directors to be elected.

2.03.02. (a) In order for any incumbent director to become a nominee for further service on the Board of Directors, such person must submit an irrevocable resignation, which resignation shall become effective upon (i) that person not receiving a majority of the votes cast in an election that is not a contested election and (ii) acceptance by the Board of Directors of that resignation in accordance with any policies and procedures adopted by the Board of Directors for such purpose.

(b) In order for any other person to become a nominee for service on the Board of Directors, such person must submit an irrevocable commitment that, if elected, such individual will tender, promptly upon such person's election, an irrevocable resignation, which resignation shall become effective upon (i) that person not receiving a majority of the votes cast in the next election that is not a contested election following such person's initial election to the Board of Directors and (ii) acceptance by the Board of Directors of that resignation in accordance with any policies and procedures adopted by the Board of Directors for such purpose.

2.03.03. In the event an incumbent director does not receive a majority of the votes cast with respect to that director's election at any meeting for the uncontested election of directors at which a quorum is present, the Board of Directors, acting on the recommendation of the Nominating and Governance Committee, shall no later than at its first regularly scheduled meeting following certification of the stockholder vote for the election of directors determine whether to accept the resignation of the incumbent director or whether to take other action.

2.03.04. The Nominating and Governance Committee, in making any such recommendation, and the Board of Directors, in making its determination, may consider any factors or other information that they believe appropriate and relevant.

2.03.05. If the Board of Directors determines to accept the resignation contemplated by Section 2.03.02 of a nominee, the Nominating and Governance Committee shall promptly either recommend a candidate to the Board of Directors to fill the office formerly held by such person or recommend a reduction in the size of the Board of Directors.

2.03.06. The Nominating and Governance Committee and the Board of Directors shall take the actions required under this Section 2.03 without the participation of any nominee whose resignation, as contemplated by Section 2.03.02, is under consideration, except that (i) if every member of the Nominating and Governance Committee is such a nominee, then a majority of the Board of Directors shall appoint a Board committee of independent directors for the purpose of considering the tendered resignations and making a

recommendation to the Board of Directors whether to accept or reject them; and (ii) if the number of independent directors who are not such nominees is three or fewer, all directors may participate in the decisions under this Section 2.03. As used above, the term "independent director" shall mean a director who complies with the "independent director" requirements under the rules of the principal securities exchange upon which the common stock of the corporation is listed or traded.

2.03.07. If the Board of Directors accepts the resignation contemplated by Section 2.03.02 of any nominee, or if a nominee for director who is not an incumbent director does not receive a majority of the votes cast with respect to that director's election, then the Board of Directors may fill the resulting vacancy pursuant to Section 2.07 or may decrease the size of the Board of Directors pursuant to the provisions of Section 2.02.

Section 2.04. Nominations.

2.04.01. (a) At any meeting of the stockholders, only persons who are nominated in accordance with the procedures set forth in these bylaws shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors, (ii) by or at the direction of the Nominating and Governance Committee of the Board of Directors, (iii) by any stockholder of the corporation who is a stockholder of record at the time of giving of notice provided for in this Section 2.04, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 2.04, (iv) in accordance with Section 2.05 or (v) in accordance with any certificate filed under Section 151(g) of the DGCL; provided that, (A) notwithstanding the foregoing provisions of Section 2.04, in the case of special meetings, the provisions of Section 1.02 shall govern and (B) all nominees must comply with the requirements of Section 2.03.02 (in addition to all other applicable requirements). Such nominations, other than those made by or at the direction of the Board of Directors or its Nominating and Governance Committee or pursuant to Section 2.05, shall be made pursuant to Special Meeting Requests made in accordance with Section 1.02 or, in the case of an annual meeting, pursuant to timely notice in writing to the secretary. For a nomination pursuant to this Section 2.04 to be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is advanced more than 30 days prior to such anniversary date or delayed more than 90 days after such anniversary date then to be timely such notice must be received by the corporation no earlier than 120 days prior to such annual meeting and no later than the later of 90 days prior to the date of the meeting or the 10th day following the day on which public announcement of the date of the meeting was made. In no event shall any adjournment or postponement of an annual meeting or the public announcement thereof commence a new time period (or extend any time period) for the giving of such notice pursuant to this Section 2.04. Each such notice or Special Meeting Request, as applicable, shall include (1) (x) the name and address of the stockholder making such nomination, as they appear on the corporation's books, the beneficial owner, if any, on whose behalf the proposal is made, and any Stockholder Associated Person covered by clause (5) or (6) and (y) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (2) the principal occupation or employment of each such nominee, (3) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (4) a reasonably detailed description of any compensatory or other financial agreement, arrangement or understanding that each such nominee has with any other person or entity other than the corporation, including the amount of any payment or payments received or receivable thereunder, in each case in connection with candidacy or service as a director of the corporation (each, a "Third-Party Compensation Arrangement"), (5) a description of any agreement, arrangement or understanding between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the proposal is made, or any Stockholder Associated Person, on the one hand, and any other person or persons (including their names), including the nominee, on the other hand, in connection with the proposal of each such nominee, (6) (x) the class and number of shares of the corporation which are held of record or beneficially by the stockholder giving the notice, the beneficial owner, if any, on whose behalf the proposal is made, or any Stockholder Associated Person and (y) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such notice by, or on behalf of, such stockholder, beneficial owner or any Stockholder Associated Person, whether or not such agreement, arrangement or understanding shall be subject to settlement in underlying shares of capital stock of the corporation, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for or increase or decrease the voting power of, such stockholder, such beneficial owner or any Stockholder Associated Person with respect to the corporation's securities, (7) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring such nomination before the meeting, (8) the information required to be provided pursuant to Rule 14a-19 under the Exchange Act with respect to each person whom the stockholder proposes to nominate for election as a director, and (9) any other information relating to such stockholder, such beneficial owner, if any, or nominee that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies in support of such nominee pursuant to Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

In addition, a stockholder who has delivered a notice of nomination pursuant to this Section 2.04.01 shall, in accordance with Rule 14a-19 under the Exchange Act, promptly certify to the secretary of the corporation, and notify the secretary in writing, that such stockholder has met and complied with all of the requirements of these bylaws and of Rule 14a-19(a) under the Exchange Act (including for the avoidance of doubt Rule 14a-19(a)(3), which provides that a stockholder soliciting proxies in support of director nominees other than the corporation's nominees must solicit the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors) and, upon request of the corporation, shall, not later than five business days prior to the date of the applicable meeting of stockholders, deliver to the corporation reasonable evidence of such compliance.

(b) To be eligible to be a nominee for election as a director pursuant to this Section 2.04, the proposed nominee must provide to the secretary in accordance with the applicable time periods prescribed for delivery of notice under Section 1.02 or this Section 2.04, as applicable, a written representation and agreement that such nominee (i) is not

and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such nominee, if elected as a director of the corporation, will act or vote on any issue or question that has not been disclosed to the corporation prior to or concurrently with the notice submitted pursuant to this Section 2.04, (ii) is not and will not become a party to any Third-Party Compensation Arrangement that has not been disclosed to the corporation prior to or concurrently with the notice submitted pursuant to this Section 2.04, (iii) would be in compliance, if elected as a director of the corporation, and will comply with the corporation's code of conduct and ethics, corporate governance guidelines, stock ownership and trading policies and guidelines, related person transaction policy and any other policies or guidelines of the corporation applicable to directors and (iv) will make such other acknowledgments, enter into such agreements and provide such information as the Board of Directors requires of all directors, including promptly submitting all completed and signed questionnaires required of the corporation's directors. The corporation may require any proposed nominee pursuant to this Section 2.04 to furnish any other information (A) that may reasonably be requested by the corporation to determine whether such nominee would belong to any of the categories described in clauses (i) through (viii) of Section 2.05.10, (B) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee or (C) that may reasonably be requested by the corporation to determine the eligibility of such nominee to serve as a director of the corporation.

(c) If the stockholder does not appear or does not send a duly authorized agent to present the nomination that was submitted pursuant to this Section 2.04, such nomination shall be disregarded at such meeting for which such nomination was submitted.

(d) Notwithstanding anything in these bylaws to the contrary, no nomination for the election of directors shall be made except in accordance with the procedures set forth in this Section 2.04 or Section 2.05, as applicable. The provisions of this Section 2.04 and Section 2.05 are in addition to the applicable requirements of the Exchange Act, including Rule 14a-19 thereunder. Accordingly, notwithstanding the foregoing provisions of this Section 2.04 or the following provisions of Section 2.05, a stockholder shall also comply with all applicable requirements of the Exchange Act, including Rule 14a-19 thereunder, with respect to the matters set forth in this Section 2.04 or Section 2.05, as applicable.

2.04.02. Notice of nominations that are proposed by the Board of Directors or its nominating committee shall be given by the chair of the meeting.

2.04.03. The chair of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not properly brought before the meeting and in accordance with the provisions of these bylaws, and if he should so determine, he shall so declare to the meeting and any such nomination not properly brought before the meeting shall not be given effect.

Section 2.05. Proxy Access.

2.05.01. Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 2.05, the corporation shall include in its proxy statement for such annual meeting, in addition to any persons nominated for election by or at the direction of the Board of Directors (or any duly authorized committee thereof), the name, together with the Required Information (as defined below), of any person nominated for election (the "Stockholder Nominee") to the Board of Directors by an Eligible Stockholder (as defined in Section 2.05.4) that expressly elects at the time of providing the notice required by this Section 2.05 to have such nominee included in the corporation's proxy materials pursuant to this Section 2.05 and that has satisfied all applicable conditions and complied with all applicable procedures set forth in this Section 2.05. For purposes of this Section 2.05, the "Required Information" that the corporation will include in its proxy statement is (i) the information provided to the secretary concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the corporation's proxy statement pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder and (ii) if the Eligible Stockholder so elects, a Supporting Statement (as defined in Section 2.05.8). For the avoidance of doubt, nothing in this Section 2.05 shall limit the corporation's ability to solicit against any Stockholder Nominee or include in its proxy materials the corporation's own statements or other information relating to any Eligible Stockholder or Stockholder Nominee, including any information provided to the corporation pursuant to this Section 2.05. Subject to the provisions of this Section 2.05, the name of any Stockholder Nominee included in the corporation's proxy statement for an annual meeting of stockholders shall also be set forth on the form of proxy distributed by the corporation in connection with such annual meeting.

2.05.02. In addition to any other applicable requirements, for a nomination to be made by an Eligible Stockholder pursuant to this Section 2.05, the Eligible Stockholder must have given timely notice of such nomination (the "Notice of Proxy Access Nomination") in proper written form to the secretary. To be timely, the Notice of Proxy Access Nomination shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 120 days nor more than 150 days prior to the first anniversary of the date that the corporation first distributed its proxy statement to stockholders for the immediately preceding annual meeting of stockholders. In no event shall any adjournment or postponement of an annual meeting or the public announcement thereof commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination pursuant to this Section 2.05.

2.05.03. The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that will be included in the corporation's proxy materials with respect to an annual meeting of stockholders shall not exceed 20% of the number of directors (rounded down to the nearest whole number but not less than two) in office as of the last day on which a Notice of Proxy Access Nomination may be delivered pursuant to and in accordance with this Section 2.05 (such date, the "Final Proxy Access Nomination Date" and such maximum number, the "Permitted Number"). In the event that one or more vacancies for any reason occurs on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. For purposes of determining when the Permitted Number has been reached, each of the following persons shall be counted as one of the Stockholder Nominees: (i) any individual nominated by an Eligible Stockholder for inclusion in the corporation's proxy materials pursuant to this Section 2.05 whose nomination is subsequently withdrawn, (ii) (A) any individual nominated by an Eligible Stockholder for inclusion in the corporation's proxy materials pursuant to this Section 2.05 who ceases to satisfy the eligibility requirements to be a Stockholder Nominee or (B) any individual nominated by a stockholder that ceases to satisfy the eligibility requirements to be an Eligible Stockholder, (iii) any individual nominated by an Eligible Stockholder for inclusion in the corporation's proxy materials pursuant to this Section 2.05 whom the Board of Directors decides to nominate for election to the Board of Directors and (iv) any director in office as of the Final Proxy Access Nomination Date who was included in the corporation's proxy materials as a Stockholder Nominee for either of the two preceding annual meetings of stockholders (including any individual counted as a Stockholder Nominee pursuant to the immediately preceding clause (iii)) and whom the Board of Directors decides to nominate for re-election to the Board of Directors. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the corporation's proxy materials pursuant to this Section 2.05 shall rank such Stockholder Nominees based on the order in which the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the corporation's proxy materials in the event that the total number of

Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 2.05 exceeds the Permitted Number. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 2.05 exceeds the Permitted Number, the highest ranking Stockholder Nominee who meets the requirements of this Section 2.05 from each Eligible Stockholder will be selected for inclusion in the corporation's proxy materials until the Permitted Number is reached, going in order of the number (largest to smallest) of shares of common stock of the corporation each Eligible Stockholder disclosed as Owned (as defined in Section 2.05.05) in its Notice of Proxy Access Nomination. If the Permitted Number is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 2.05 from each Eligible Stockholder has been selected, then the next highest ranking Stockholder Nominee who meets the requirements of this Section 2.05 from each Eligible Stockholder will be selected for inclusion in the corporation's proxy materials, and this process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Notwithstanding anything to the contrary contained in this Section 2.05, the corporation shall not be required to include any Stockholder Nominees in its proxy materials pursuant to this Section 2.05 for any meeting of stockholders for which the secretary receives notice (whether or not subsequently withdrawn or made the subject of a settlement with the corporation) that a stockholder intends to nominate one or more persons for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees set forth in Section 2.04.

2.05.04. An "Eligible Stockholder" is a holder of record or group of no more than 20 holders of record and, to the extent that a holder of record is acting on behalf of one or more beneficial owners, such beneficial owners (counting as one holder of record or beneficial owner, as applicable, for this purpose, any two or more funds that are part of the same Qualifying Fund Group (as defined below)) that (i) has Owned continuously for at least three years preceding and including the date of submission of the Notice of Proxy Access Nomination (the "Minimum Holding Period") at least 3% of the number of outstanding shares of common stock of the corporation as of the most recent date for which such number is given in any filing by the corporation with the U.S. Securities and Exchange Commission (the "SEC") prior to the submission of the Notice of Proxy Access Nomination (the "Required Shares") (as adjusted for any stock splits, reverse stock splits, stock dividends or similar events), (ii) continues to Own the Required Shares through the date of the annual meeting and (iii) satisfies all other requirements of, and complies with all applicable procedures set forth in, this Section 2.05. A "Qualifying Fund Group" is a group of two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer or (C) a "family of investment companies" or a "group of investment companies" as each such term is defined in the Investment Company Act of 1940 and the rules, regulations and forms adopted thereunder, all as amended. Whenever the Eligible Stockholder consists of a group (including a group of funds that are part of the same Qualifying Fund Group), each provision in this Section 2.05 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each holder of record or beneficial owner, as applicable (including each individual fund within any Qualifying Fund Group) that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate the shares that each member has Owned continuously for the Minimum Holding Period in order to meet the 3% ownership requirement of the "Required Shares" definition). Whenever the Eligible Stockholder consists of a group, should any holder of record or beneficial owner, as applicable (including each individual fund within any Qualifying Fund Group) that is a member of such group cease to satisfy the eligibility requirements in this Section 2.05 or withdraw from such group at any time prior to the annual meeting, the Eligible Stockholder shall be deemed to Own only the shares held by the remaining members of such group. No person may be a member of more than one group constituting an Eligible Stockholder with respect to any annual meeting, and if any person appears as a member of more than one such group, it shall be deemed to be a member only of the group that Owns the largest number of shares of common stock of the corporation as reflected in the Notice of Proxy Access Nomination.

2.05.05. A person shall be deemed to "Own" only those outstanding shares of common stock of the corporation as to which such person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such person or any of its affiliates in any transaction that has not been settled or closed, (B) borrowed by such person or any of its affiliates for any purpose or purchased by such person or any of its affiliates pursuant to an agreement to resell or subject to any other obligation to resell to another person or (C) subject to any option, warrant, forward contract, swap, contract of sale or other derivative or similar instrument or agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding common stock of the corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such person's or its affiliates' full right to vote or direct the voting of any such shares and/or (y) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such person or affiliate. A person shall "Own" shares held in the name of a nominee or other intermediary so long as such person retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which (1) such person has loaned such shares; provided that such person has the power to recall such loaned shares on five business days' notice or (2) such person has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by such person. The terms "Owned," "Owning" and other variations of the word "Own" shall have correlative meanings. For purposes of this Section 2.05, the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

2.05.06. To be in proper written form for purposes of this Section 2.05, the Notice of Proxy Access Nomination must include or be accompanied by the following:

(a) a written statement by the Eligible Stockholder certifying as to the number of shares it Owns and has Owned continuously during the Minimum Holding Period, and the Eligible Stockholder's agreement to provide (i) not later than 10 days after the record date for the annual meeting, a written statement by the Eligible Stockholder certifying as to the number of shares it Owns and has Owned continuously through the record date and (ii) immediate notice if the Eligible Stockholder ceases to Own any of the Required Shares prior to the date of the annual meeting; provided, however, that if such Eligible Stockholder, or any member of the group that together constitutes such Eligible Stockholder, is not the beneficial owner of the shares representing the Required Shares, then to be valid, the Notice of Proxy Access Nomination must also include documentary evidence (or, if not simultaneously provided with the Notice of Proxy Access Nomination, such documentary evidence must be delivered to the secretary within 10 business days after the date on which such Notice of Proxy Access Nomination is delivered to the secretary) that the beneficial owners on whose behalf the Notice of Proxy Access Nomination is made Own the Required Shares as of the date on which the Notice of Proxy Access Nomination is delivered to the secretary.

(b) a copy of the Schedule 14N (or any successor form) that has been or is concurrently being filed with the SEC as required by Rule 14a-18 under the Exchange Act;

(c) the details of any relationship that existed within the past three years and that would have been described pursuant to Item 6(e) of Schedule 14N (or any successor form) if it existed on the date of submission of the Schedule 14N;

(d) the information that would be required to be set forth in a stockholder's notice of a nomination pursuant to the last sentence of the first paragraph of Section 2.04.1(a);

(e) a representation that the Eligible Stockholder (i) satisfies the eligibility requirements set forth in Section 2.05.04, (ii) will continue to hold the Required Shares through the date of the annual meeting, (iii) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the corporation, and does not have such intent, (iv) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) it is nominating pursuant to this Section 2.05, (v) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (vi) has not distributed and will not distribute to any stockholder of the corporation any form of proxy for the annual meeting other than the form distributed by the corporation, (vii) has complied and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting and (viii) has provided and will provide facts, statements and other information in all communications with the corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(f) a representation from the Eligible Stockholder that the Stockholder Nominee does not fall into any of the categories and has not taken any of the actions described in clauses (i) through (ix) of Section 2.05.10;

(g) an undertaking that the Eligible Stockholder agrees to (i) assume all liability stemming from any actual or alleged legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the corporation or any other person in connection with the nomination or election of its Stockholder Nominee or out of the information that the Eligible Stockholder provided to the corporation, (ii) indemnify and hold harmless the corporation and each of its directors, officers and employees individually against any liability, loss, damages, expenses or other costs (including attorneys' fees) in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 2.05 or any solicitation or other activity in connection therewith and (iii) file with the SEC any solicitation or other communication with the stockholders of the corporation relating to the meeting at which its Stockholder Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act;

(h) a written representation and agreement from each Stockholder Nominee that such Stockholder Nominee (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Stockholder Nominee, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation prior to or concurrently with the Eligible Stockholder's submission of the Notice of Proxy Access Nomination, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the corporation prior to or concurrently with the Eligible Stockholder's submission of the Notice of Proxy Access Nomination, (iii) would be in compliance, if elected as a director of the corporation, and will comply with the corporation's code of conduct and ethics, corporate governance guidelines, stock ownership and trading policies and guidelines, related person transaction policy and any other policies or guidelines of the corporation applicable to directors and (iv) will make such other acknowledgments, enter into such agreements and provide such information as the Board of Directors requires of all directors, including promptly submitting all completed and signed questionnaires required of the corporation's directors;

(i) in the case of a nomination by a group constituting an Eligible Stockholder, the designation by all group members of one member of the group that is authorized to receive communications, notices and inquiries from the corporation and to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 2.05 (including withdrawal of the nomination); and

(j) in the case of a nomination by a group constituting an Eligible Stockholder in which two or more funds that are part of the same Qualifying Fund Group are counted as one holder of record or beneficial owner, as applicable, for purposes of qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the corporation that demonstrates that such funds are part of the same Qualifying Fund Group.

In addition, an Eligible Stockholder who has delivered a Notice of Proxy Access Nomination pursuant to this Section 2.05.06 shall, in accordance with Rule 14a-19 under the Exchange Act, promptly certify to the secretary of the corporation, and notify the secretary in writing, that such Eligible Stockholder has met and complied with all of the requirements of these bylaws and of Rule 14a-19(a) under the Exchange Act (including for the avoidance of doubt Rule 14a-19(a)(3), which provides that a stockholder soliciting proxies in support of director nominees other than the corporation's nominees must solicit the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors) and, upon request of the corporation, shall, not later than five business days prior to the date of the applicable meeting of stockholders, deliver to the corporation reasonable evidence of such compliance.

2.05.07. In addition to the information required pursuant to Section 2.05.6 or any other provision of these bylaws, (a) the corporation may require any proposed Stockholder Nominee to furnish any other information (i) that may reasonably be requested by the corporation to determine whether the Stockholder Nominee would belong to any of the categories described in clauses (i) through (viii) of Section 2.05.10, (ii) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such Stockholder Nominee or (iii) that may reasonably be requested by the corporation to determine the eligibility of such Stockholder Nominee to be included in the corporation's proxy materials pursuant to this Section 2.05 or to serve as a director of the corporation and (b) the corporation may require the Eligible Stockholder to furnish any other information that may reasonably be requested by the corporation to verify the Eligible Stockholder's continuous ownership of the Required Shares for the Minimum Holding Period.

2.05.08. The Eligible Stockholder may, at its option, provide to the secretary, at the time the Notice of Proxy Access Nomination is provided, a written statement, not to exceed 500 words, in support of the Stockholder Nominee(s)' candidacy (a "Supporting Statement"). Only one Supporting Statement may be submitted by an Eligible Stockholder (including any group constituting an Eligible Stockholder) in support of its Stockholder Nominee(s). Notwithstanding anything to the contrary contained in this Section 2.05, the

corporation may omit from its proxy materials any information or Supporting Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

2.05.09. In the event that any information or communication provided by an Eligible Stockholder or a Stockholder Nominee to the corporation or its stockholders ceases to be true and correct in all material respects or omits to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, such Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the corporation and any other recipient of such communication of any such defect in such previously provided information and of the information that is required to correct any such defect; it being understood that providing such notification shall not be deemed to cure any such defect or limit the remedies available to the corporation relating to any such defect (including the right to omit a Stockholder Nominee from its proxy materials pursuant to this Section 2.05). In addition, any person providing any information to the corporation pursuant to this Section 2.05 shall further update and supplement such information, if necessary, so that all such information shall be true and correct as of the record date for the determination of stockholders entitled to vote at the annual meeting, and such update and supplement shall be delivered to or be mailed and received by the secretary at the principal executive offices of the corporation not later than 10 days after the record date for the annual meeting.

2.05.10. Notwithstanding anything to the contrary contained in this Section 2.05, the corporation shall not be required to include in its proxy materials, pursuant to this Section 2.05, any Stockholder Nominee (i) who would not be an independent director under the rules and listing standards of the principal securities exchange upon which the common stock of the corporation is listed or traded, any applicable rules of the SEC or any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the corporation's directors, (ii) whose election as a member of the Board of Directors would cause the corporation to be in violation of these bylaws, the certificate of incorporation, the rules and listing standards of the principal securities exchanges upon which the common stock of the corporation is listed or traded or any applicable law, rule or regulation, (iii) who would not meet the audit committee and compensation committee independence requirements under the rules and listing standards of the principal securities exchange upon which the common stock of the corporation is listed or traded, any applicable rules of the SEC or any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of such committee members, (iv) who would not be, if elected to the Board of Directors, a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act, (v) who would not be, if elected to the Board of Directors, an "outside director" for the purposes of Section 162(m) under the Internal Revenue Code, (vi) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (vii) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past 10 years, (viii) who is or has been subject to any event of the type specified in Rule 506(d)(1) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or (ix) who shall have provided any information to the corporation or its stockholders that was untrue in any material respect or that omitted to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

2.05.11. Notwithstanding anything to the contrary set forth herein, if (i) a Stockholder Nominee and/or the applicable Eligible Stockholder breaches any of its agreements or representations or fails to comply with any of its obligations under this Section 2.05 or (ii) a Stockholder Nominee otherwise becomes ineligible for inclusion in the corporation's proxy materials pursuant to this Section 2.05 or dies, becomes disabled or otherwise becomes ineligible or unavailable for election at the annual meeting, (A) the corporation may omit or, to the extent feasible, remove the information concerning such Stockholder Nominee and the related Supporting Statement from its proxy materials and/or otherwise communicate to its stockholders that such Stockholder Nominee will not be eligible for election at the annual meeting and (B) the Board of Directors (or any duly authorized committee thereof) or the chair of the annual meeting shall declare such nomination to be invalid and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the corporation. In addition, if the Eligible Stockholder (or a representative thereof) does not appear at the annual meeting to present any nomination pursuant to this Section 2.05, such nomination shall be declared invalid and disregarded as provided in clause (B) above.

2.05.12. Any Stockholder Nominee who is included in the corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting or (ii) does not receive at least 25% of the votes cast in favor of such Stockholder Nominee's election, will be ineligible to be a Stockholder Nominee pursuant to this Section 2.05 for the next two annual meetings of stockholders. For the avoidance of doubt, the immediately preceding sentence shall not prevent any stockholder from nominating any person to the Board of Directors pursuant to and in accordance with Section 2.04.

2.05.13. This Section 2.05 provides the exclusive method for a stockholder to include nominees for election to the Board of Directors in the corporation's proxy materials.

Section 2.06. Resignations. Any director of the corporation may resign at any time by giving written notice (including electronic transmission) to the chair of the Board of Directors or the secretary. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.07. Vacancies. In the event that any vacancy shall occur in the Board of Directors, whether because of death, resignation, removal, newly created directorships resulting from any increase in the authorized number of directors, the failure of the stockholders to elect the whole authorized number of directors, or any other reason, such vacancy may be filled by the vote of a majority of the directors then in office, although less than a quorum. A director elected to fill a vacancy, other than a newly created directorship, shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal.

Section 2.08. Removal of Directors. Directors may be removed only as provided in the certificate of incorporation.

Section 2.09. Place of Meeting, etc. The Board of Directors may hold any of its meetings at the principal office of the corporation or at such other place or places as the Board of Directors may from time to time designate. Directors may participate in any regular or special meeting of the Board of Directors by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board of Directors can hear each other and such participation shall constitute presence in person at such meeting.

Section 2.10. Annual Meeting. A regular annual meeting of the Board of Directors shall be held each year at the same place as and immediately after the annual meeting of stockholders, or at such other place and time as shall theretofore have been determined by the Board of Directors, and notice thereof need not be given. At its regular annual meeting the Board of Directors shall organize itself and may transact any business.

Section 2.11. Regular Meetings. Regular meetings of the Board of Directors may be held at such intervals and at such times as shall from time to time be determined by the Board of Directors. After such determination and notice thereof has been once given to each person then a member of the Board of Directors, regular meetings may be held at such intervals and time and place without further notice being given.

Section 2.12. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Board of Directors or by the chief executive officer or by a majority of directors then in office to be held on such day and at such time as shall be specified by the person or persons calling the meeting.

Section 2.13. Notice of Meetings. Notice of each special meeting or, where required, each regular meeting, of the Board of Directors shall be given to each director either by being mailed on at least the third day prior to the date of the meeting or by being delivered electronically or given personally or by telephone on at least 24 hours' notice prior to the date of meeting. Such notice shall specify the place, date, and time of the meeting and, if it is for a special meeting, the purpose or purposes for which the meeting is called. At any meeting of the Board of Directors at which every director shall be present, even though without such notice, any business may be transacted. Any acts or proceedings taken at a meeting of the Board of Directors not validly called or constituted may be made valid and fully effective by ratification at a subsequent meeting which shall be legally and validly called or constituted. Notice of any regular meeting of the Board of Directors need not state the purpose of the meeting and, at any regular meeting duly held, any business may be transacted. If the notice of a special meeting shall state as a purpose of the meeting the transaction of any business that may come before the meeting, then at the meeting any business may be transacted, whether or not referred to in the notice thereof. A written waiver of notice of a special or regular meeting, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent of such notice, and attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when the director attends the meeting and prior to or at the commencement of such meeting protests the lack of proper notice.

Section 2.14. Quorum and Voting. At all meetings of the Board of Directors, the presence of a majority of the directors then in office shall constitute a quorum for the transaction of business. Except as otherwise required by law, the certificate of incorporation, or these bylaws, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. At all meetings of the Board of Directors, each director shall have one vote.

Section 2.15. Committees.

2.15.01. The Board of Directors may designate one or more committees of the Board of Directors, to consist of one or more directors of the corporation, and may delegate to any such committee any of the authority of the Board of Directors, however conferred, other than the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease, or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation.

2.15.02. Each such committee shall serve at the pleasure of the Board of Directors, shall act only in the intervals between meetings of the Board of Directors, and shall be subject to the control and direction of the Board of Directors. Any such committee may act by a majority of its members at a meeting or by a writing or writings signed by all of its members. Any such committee shall keep written minutes of its meetings and report the same to the Board of Directors at the next regular meeting of the Board of Directors.

Section 2.16. Compensation. The Board of Directors may, by resolution passed by a majority of those in office, fix the compensation of directors for service in any capacity and may fix fees for attendance at meetings and may authorize the corporation to pay the traveling and other expenses of directors incident to their attendance at meetings, or may delegate such authority to a committee of the Board of Directors.

Section 2.17. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.

Section 2.18. Chair of the Board of Directors; Vice Chair of the Board of Directors. There shall be a chair of the Board of Directors and, if determined by the Board of Directors, a vice chair of the Board of Directors, each of whom shall be chosen by the Board of Directors from among the directors. The chair of the Board of Directors and the vice chair of the Board of Directors may but need not be officers of or employed by the corporation. The chair of the Board of Directors shall preside at all meetings of the Board of Directors and all meetings of the stockholders, shall have the respective powers and duties set forth in these bylaws, and shall also have such other powers and duties as from time to time may be conferred by the Board of Directors. The vice chair of the Board of Directors shall perform the duties of the chair of the Board of Directors in his or her absence or disability, shall have the respective powers and duties set forth in these bylaws, and shall also have such other powers and duties as from time to time may be conferred by the Board of Directors.

ARTICLE III OFFICERS

Section 3.01. General Provisions. The officers of the corporation shall include the following: a chief executive officer; a president; such number of vice presidents as the board may from time to time determine; a secretary; and a treasurer. Any person may hold any two or more offices and perform the duties thereof, except the offices of president and secretary.

Section 3.02. Election, Terms of Office, and Qualification. The officers of the corporation named in Section 3.01 of this Article III shall be elected by the Board of Directors for an indeterminate term and shall hold office during the pleasure of the Board of Directors.

Section 3.03. Additional Officers, Agents, etc. In addition to the officers mentioned in Section 3.01 of this Article III, the corporation may have such other officers or agents as the Board of Directors may deem necessary and may appoint, each of whom or each member of which shall hold office for such period, have such authority, and perform such duties as may be provided in these bylaws or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any officer the power to appoint any subordinate officers or agents. In the absence of any officer of the corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, any or all of the powers and duties of such officer to any other officer or to any director.

Section 3.04. Removal. Any officer of the corporation may be removed, either with or without cause, at any time, by resolution adopted by the Board of Directors at any meeting. Any officer appointed not by the Board of Directors but by an officer or committee to which the Board of Directors shall have delegated the power of appointment may be removed, with or without cause, by the committee or superior officer (including successors) who made the appointment or by any committee or officer upon whom such power of removal may be conferred by the Board of Directors.

Section 3.05. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, or to the chair of the Board of Directors, the vice chair of the Board of Directors, the chief executive officer, the president, or the secretary. Any such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be filled in the manner prescribed in these bylaws for regular appointments or elections to such office.

ARTICLE IV DUTIES OF THE OFFICERS

Section 4.01. The Chief Executive Officer. The chief executive officer of the corporation shall have general supervision over the property, business, and affairs of the corporation and over its several officers, subject, however, to the control of the Board of Directors. The chief executive officer may sign, with the secretary, treasurer, or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares in the corporation. The chief executive officer may sign, execute, and deliver in the name of the corporation all deeds, mortgages, bonds, leases, contracts, or other instruments, either when specially authorized by the Board of Directors or when required or deemed necessary or advisable by the chief executive officer in the ordinary conduct of the corporation's normal business, except in cases where the signing and execution thereof shall be expressly delegated by these bylaws to some other officer or agent of the corporation or shall be required by law or otherwise to be signed or executed by some other officer or agent, and the chief executive officer may cause the seal of the corporation, if any, to be affixed to any instrument requiring the same.

Section 4.02. The President. The president shall perform such duties as are conferred upon such officer by these bylaws or as may from time to time be assigned to such officer by the Board of Directors.

Section 4.03. Vice Presidents. The vice presidents shall perform such duties as are conferred upon them by these bylaws or as may from time to time be assigned to them by the Board of Directors. At the request of the Board of Directors, in the absence or disability of the president, a vice president designated by the Board of Directors shall perform all the duties of the president, and when so acting, shall have all of the powers of the president.

Section 4.04. The Treasurer. The treasurer shall be the custodian of all funds and securities of the corporation. Whenever so directed by the Board of Directors, the treasurer shall render a statement of the cash and other accounts of the corporation, and the treasurer shall cause to be entered regularly in the books and records of the corporation to be kept for such purpose full and accurate accounts of the corporation's receipts and disbursements. The treasurer shall have such other powers and shall perform such other duties as may from time to time be assigned to such officer by the Board of Directors.

Section 4.05. The Secretary. The secretary shall record and keep the minutes of all meetings of the stockholders and the Board of Directors in a book to be kept for that purpose. The secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the corporation and such other books and records as the Board of Directors may direct. The secretary shall be the custodian of the seal of the corporation, if any, and shall affix such seal to such contracts, instruments, and other documents as the Board of Directors or any committee thereof may direct. The secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to such officer by the Board of Directors.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 5.01. Indemnification. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person, or such person's testator or intestate, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, or as a member of any committee or similar body against all expenses (including attorneys' fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding (including appeals) or the defense or settlement thereof or any claim, issue, or matter therein, to the fullest extent permitted by the laws of Delaware as they may exist from time to time.

Section 5.02. Insurance. The proper officers of the corporation, without further authorization by the Board of Directors, may in their discretion purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent for another corporation, partnership, joint venture, trust, or other enterprise, against any liability.

Section 5.03. ERISA. To assure indemnification under this Article of all such persons who are or were "fiduciaries" of an employee benefit plan governed by the Act of Congress entitled "Employee Retirement Income Security Act of 1974", as amended from time to time, the provisions of this Article V shall, for the purposes hereof, be interpreted as follows: an "other enterprise" shall be deemed to include an employee benefit plan; the corporation shall be deemed to have requested a person to serve as an employee of an employee benefit plan where the performance by such person of duties to the corporation also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to said Act of Congress shall be deemed "fines", and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the corporation.

Section 5.04. Contractual Nature. The foregoing provisions of this Article V shall be deemed to be a contract between the corporation and each director and officer who serves in such capacity at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit, or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 5.05. Construction. For the purposes of this Article V, references to "the corporation" include in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director or officer of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, or as a member of any committee or similar body, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation, if its separate existence had continued.

Section 5.06. Non-Exclusive. The corporation may indemnify, or agree to indemnify, any person against any liabilities and expenses and pay any expenses, including attorneys' fees, in advance of final disposition of any action, suit, or proceeding, under any circumstances, if such indemnification and/or payment is approved by the vote of the stockholders or of the disinterested directors, or is, in the opinion of independent legal counsel selected by the Board of Directors, to be made on behalf of an indemnitee who acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation.

ARTICLE VI

DEPOSITORYES, CONTRACTS AND OTHER INSTRUMENTS

Section 6.01. Depositories. The chief executive officer, the president, the treasurer, and any vice president of the corporation whom the Board of Directors authorizes to designate depositaries for the funds of the corporation are each authorized to designate depositaries for the funds of the corporation deposited in its name and the signatories and conditions with respect thereto in each case, and from time to time to change such depositaries, signatories, and conditions with the same force and effect as if each such depository, signatory, and condition with respect thereto and changes therein had been specifically designated or authorized by the Board of Directors; and each depository designated by the Board of Directors or by the chief executive officer, the president, the treasurer, or any vice president of the corporation, shall be entitled to rely upon the certificate of the secretary or any assistant secretary of the corporation setting forth the fact of such designation and of the appointment of the officers of the corporation or of both or of other persons who are to be signatories with respect to the withdrawal of funds deposited with such depository, or from time to time the fact of any change in any depository or in the signatories with respect thereto.

Section 6.02. Execution of Instruments Generally. In addition to the powers conferred upon the chief executive officer in Section 4.01 and except as otherwise provided in Section 6.01, the authority to sign contracts and other instruments entered into in the ordinary course of business requiring execution by the corporation, which may be general or confined to specific instances, shall be conferred by the Board of Directors upon any person or persons. Any person having authority to sign on behalf of the corporation may delegate, from time to time, by instrument in writing, all or any part of such authority to any person or persons if authorized so to do by the Board of Directors.

ARTICLE VII

SHARES AND THEIR TRANSFER

Section 7.01. Certificates for Shares, Uncertificated Shares. The shares of the corporation shall be represented by certificates; provided that the Board of Directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of shares represented by certificates of the same class and series shall be identical. Every owner of one or more shares in the corporation represented by certificates shall be entitled to a certificate, which shall be in such form as the Board of Directors shall prescribe, certifying the number and class of shares in the corporation owned by such person. When such certificate is counter-signed by an incorporated transfer agent or registrar, the signature of any of said officers may be facsimile, engraved, stamped, or printed. A record shall be kept of the name of the person, corporation, or other entity owning shares, whether represented by certificates or in uncertificated form, including, in the case of shares represented by certificates, the number of shares represented thereby, the date thereof, and in case of cancellation, the date of cancellation. Every certificate surrendered to the corporation for exchange or transfer shall be cancelled, and no new certificate or certificates (or shares in uncertificated form) shall be issued in exchange for any existing certificates until such existing certificates shall have been so cancelled.

Section 7.02. Lost, Destroyed and Mutilated Certificates. If any certificates for shares in this corporation become worn, defaced, or mutilated but are still substantially intact and recognizable, the directors, upon production and surrender thereof, shall order the same cancelled and, unless the shares are thereafter to be held in uncertificated form, shall issue a new certificate in lieu of same. The holder of any shares in the corporation shall immediately notify the corporation if a certificate therefore shall be lost, destroyed, or mutilated beyond recognition, and the corporation may issue a new certificate in the place of any certificate theretofore issued by it which is alleged to have been lost or destroyed or mutilated beyond recognition, and the Board of Directors may, in its discretion, require the owner of the certificate which has been lost, destroyed, or mutilated beyond recognition,

or such owner's legal representative, to give the corporation a bond in such sum and with such surety or sureties as it may direct, not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss, destruction, or mutilation of any such certificate.

The Board of Directors may, however, in its discretion, refuse to issue any such new certificate except pursuant to legal proceedings under the laws of the State of Delaware.

Section 7.03. Transfers of Shares. Transfers of shares in the corporation shall be made only on the books of the corporation by the registered holder thereof, such person's legal guardian, executor, or administrator, or by such person's attorney thereunto authorized by power of attorney duly executed and filed with the secretary or with a transfer agent appointed by the Board of Directors, and (i) in the case of certificated shares, on surrender of the certificate or certificates for such shares properly endorsed or accompanied by properly executed stock powers and (ii) in the case of uncertificated shares, upon compliance with appropriate procedures for transferring shares in uncertificated form established by the corporation. In addition, no transfer shall be effected unless the corporation has received appropriate evidence of the payment of all taxes imposed upon such transfer. The person in whose name shares stand on the books of the corporation shall, to the full extent permitted by law, be deemed the owner thereof for all purposes as regards the corporation.

Section 7.04. Regulations. The Board of Directors may make such rules and regulations as it may deem expedient but not inconsistent with these bylaws concerning the issue, transfer, and registration of certificated or uncertificated shares in the corporation. It may appoint one or more transfer agents or one or more registrars, or both, and may require all certificates for shares to bear the signature of either or both.

ARTICLE VII

SECURITIES OF OTHER CORPORATIONS

Unless otherwise directed by the Board of Directors, the chief executive officer, the president, and any vice president of the corporation shall have the power to vote and otherwise act on behalf of the corporation, in person or by proxy, at any meeting, or with respect to any action, of stockholders of any other corporation in which this corporation may hold securities and otherwise to exercise any and all rights and powers which this corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE IX SEAL

The Board of Directors may provide a corporate seal, which shall be circular and shall contain the name of the corporation engraved around the margin, the words "corporate seal", the year of its organization, and the word "Delaware".

ARTICLE X EXCLUSIVE FORUM

Unless the corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for

(i) any derivative action or proceeding brought on behalf of the corporation;

(ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee or agent of the corporation to the corporation or to the corporation's stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty;

(iii) any action asserting a claim against the corporation or any current or former director or officer or other employee or agent of the corporation arising pursuant to any provision of the DGCL or the corporation's certificate of incorporation or bylaws (as any of the foregoing may be amended from time to time);

(iv) any action asserting a claim related to or involving the corporation that is governed by the internal affairs doctrine;

or

(v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL; shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

ARTICLE XI AMENDMENTS

The bylaws of the corporation may be adopted, amended or repealed by a majority of the voting power of the stockholders entitled to vote; provided, however, that the corporation may, in its certificate of incorporation, also confer the power to adopt, amend or repeal bylaws upon the Board of Directors.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

The following is a summary of Victoria's Secret & Co. ("our" or the "Company") has one class of the material terms of our securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of our common stock. The following is a summary of the material terms of our common stock, based on the applicable provisions of Delaware law and our Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and our Second Amended and Restated Bylaws ("Bylaws"). This summary does not purport to be complete and is qualified in its entirety by reference to our Certificate of Incorporation and our Bylaws, each of which is incorporated by reference as an exhibit to our Annual Report on Form 10-K, of which this exhibit is a part, and the applicable provisions of Delaware law.

DESCRIPTION OF OUR COMMON STOCK

Authorized Capital Stock

Under the Certificate of Incorporation, the Company's authorized capital stock consists of 1,000,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

The Company's common stock is registered under Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange under the symbol "VSCO." American Stock Transfer & Trust Company, LLC is the transfer agent and registrar for the common stock. All outstanding shares of common stock are fully paid and non-assessable.

Voting Rights

Holders of common stock are entitled to one vote per share on all matters to be voted on by stockholders. The presence in person or by proxy of holders of outstanding shares of common stock entitling them to exercise at least one-third of the voting power of outstanding common stock constitutes a quorum for any meeting of stockholders. Generally, all matters to be voted on by stockholders must be approved by the affirmative vote of the holders of a majority of the votes cast at the meeting on such matter. Directors are elected by the affirmative vote of the holders of a majority of the votes cast at the meeting with respect to such director's election, except that if the number of nominees in any given election exceeds the number of directors to be elected, the directors will be elected by a plurality of the votes cast by holders entitled to vote in the election. Holders of common stock do not have cumulative voting rights.

Dividends

Subject to the rights of any shares of preferred stock which may at the time be outstanding, holders of common stock are entitled to receive dividends as may be declared from time to time by the Company's Board of Directors out of funds legally available for that purpose.

Rights upon Liquidation

In the event of liquidation or dissolution of the Company, each share of common stock is entitled to share ratably in any distribution of Company assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding preferred stock.

Other Rights

Holders of common stock have no preferential, preemptive, conversion, or redemption rights. There are no restrictions on the alienability of shares of common stock, and there are no sinking fund provisions for the redemption or repurchase of common stock. The rights, preferences, and privileges of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Company's Board of Directors may authorize and issue in the future.

Preferred Stock

The Company's Board of Directors may authorize the issuance of one or more series of preferred stock without further vote or action by stockholders. Subject to the limitations prescribed by Delaware law and the Certificate of Incorporation, the Board of Directors may fix the designations, powers, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series.

The issuance of preferred stock could adversely affect the voting power of the holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company and may adversely affect the voting and other rights of the holders of common stock.

Certain Provisions of the Certificate of Incorporation, Bylaws, and Delaware Law

Election and Removal of Directors

The Board of Directors will consist of not less than 6 nor more than 15 directors. The exact number of directors is fixed from time to time by resolution adopted by the affirmative vote of a majority of the Board of Directors. Each director is elected annually by the stockholders at each annual meeting of stockholders for a term expiring at the next annual meeting of stockholders. Each director is elected by the affirmative vote of the holders of a majority of the votes cast at the meeting with respect to such director's election, at which

a quorum is present, except that if the number of nominees exceeds the number of directors to be elected, the directors are elected by a plurality of the votes cast by holders of share entitled to vote in the election.

Directors are removable, may be removed, with or without cause, by the affirmative vote of the holders of not less than a majority of the outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class. Any vacancy occurring on the Board of Directors, and including any newly created directorship, may be filled only by the vote of a majority of the remaining directors in office.

Limits on Stockholder Action by Written Consent

The certificate Certificate of incorporation Incorporation provides that holders of common stock are not able to act by written consent without a stockholder meeting.

Special Meetings

The bylaws Bylaws provide that special meetings of stockholders may be called by the chair of the Board of Directors, the majority vote of the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors or, subject to certain procedural requirements, the Board of Directors at the written request of the holders of at least 25% of the outstanding shares of common stock entitled to vote on the matter or matters to be brought before the proposed special meeting.

The bylaws Bylaws do not permit a special meeting to be held at the request of stockholders if (a) the request does not comply with the procedural requirements set forth in the bylaws, Bylaws, (b) the request relates to an item of business that is not a proper subject for stockholder action under the certificate Certificate of incorporation Incorporation or applicable law, (c) the request is received by the Company during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting of stockholders and ending on the date of the next annual meeting of stockholders, (d) an annual or special meeting of stockholders that included an identical or substantially similar item of business was held not more than 120 days before the request was received by the Company, (e) the Board of Directors has called or calls for an annual or special meeting of stockholders to be held within 90 days after the request is received by the Company and the business to be conducted at such meeting includes an identical or substantially similar item of business, or (f) the request was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law.

Amendment of the Certificate of Incorporation

The certificate Certificate of incorporation Incorporation may be amended by stockholders upon by the affirmative vote of a majority of the outstanding capital stock entitled to vote thereon.

Amendment of the Bylaws

The bylaws Bylaws may be amended by stockholders upon by the affirmative vote of a majority of the outstanding capital stock entitled to vote thereon. In addition, the certificate of incorporation grants the Board of Directors the power to may amend the bylaws Bylaws without a stockholder vote.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Under the bylaws, Bylaws, stockholders of record will be able to nominate persons for election to the Board of Directors or bring other business constituting a proper matter for stockholder action only by providing proper notice to the Company's secretary, Company. Proper notice must generally be received not less 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year, subject to adjustment if the date of the annual meeting is advanced by more than 30 days prior to such anniversary or delayed more than 90 days after such anniversary. The notice must include, among other information, the name and address of the stockholder giving the notice, information about the stockholder's ownership of Company securities, in the Company, certain information relating to each person whom such stockholder proposes to nominate for election as a director, and a brief description of any business such stockholder proposes to bring before the meeting and the reasons for bringing such proposal. Stockholders who deliver a notice of nomination must comply with the provisions and requirements of the Bylaws and applicable law, including Rule 14a-19 promulgated under the Exchange Act.

Proxy Access

Under the bylaws, up to 20 stockholders owning 3% or more of the outstanding shares of common stock continuously for at least three years may nominate the greater of two directors or up to 20% of the Board of Directors and include those nominees in the Company's proxy materials. Notice of stockholder nominations for persons for election as a director that are to be included in the Company's proxy statement must be delivered or mailed and received at the Company's principal executive offices not less than 120 days nor more than 150 days prior to the first anniversary of the date that the Company first distributed its proxy statement to stockholders for the immediately preceding annual meeting of stockholders.

Forum Selection

Pursuant to the bylaws, Bylaws, unless the Company consents in writing to the selection of an alternative forum, a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware) will be the sole and exclusive forum for (a) any derivative action or proceeding brought on the Company's behalf, (b) any action asserting a claim for or based on a breach of a fiduciary duty owed by any director or officer or other employee or agent to the Company or to its stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (c) any action asserting a claim against the Company or any director or officer or other employee or agent arising pursuant to any provision of the Delaware General Corporation Law ("DGCL") or the certificate Certificate of incorporation Incorporation or bylaws, Bylaws, (d) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine, or (e) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the Delaware General Corporation Law, DGCL. These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions, however, will not apply to actions asserting only federal law claims under the Securities Act of 1933, as amended, or the Exchange Act, regardless of whether the state courts in the State of Delaware have jurisdiction over those claims.

Anti-Takeover Effects of Some Provisions

Some of the provisions of the **certificate Certificate of incorporation** and **bylaws Bylaws** (as described above), including the stockholder approval requirements for certain business combinations (as described below), could make the acquisition of control of the Company, by means of a proxy contest, **tender offer**, **unsolicited proposal** or otherwise, more difficult. These provisions, including the Company's ability to issue preferred stock, are designed to discourage coercive takeover practices and inadequate takeover **bids**, **bids**, but they could have the effect of delaying or preventing a change in control that the Company's stockholders might consider to be in their best interests. These provisions are also designed to encourage persons seeking to acquire control of the Company to first negotiate with the Board of Directors. The Company believes that the benefits of increased protection will give it the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to **acquire or restructure** change control of the Company, and that the benefits of this increased protection will outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their **terms**, **terms** in favor of the Company's stockholders.

Delaware Business Combinations

The Company is subject to Section 203 of the **Delaware General Corporation Law**, **DGCL**, which restricts certain transactions and "business combinations" between a corporation and a 15% stockholder for a period of three years after the date of the transaction in which the stockholder acquired 15% or more of the Company's outstanding stock, unless the business combination is approved in the manner prescribed by Section **203**. **203 of the DGCL**. A "business combination" includes mergers, asset sales, and other transactions resulting in a financial benefit to the interested stockholder.

Exhibit 10.23

AMENDMENT NO. 2 TO L BRANDS TO VS TRANSITION SERVICES AGREEMENT

This **AMENDMENT NO. 2 TO L BRANDS TO VS TRANSITION SERVICES AGREEMENT** (this "Amendment") is dated as of January 23, 2023 and effective as of January 28, 2023 (the "Effective Date"), by and between Victoria's Secret & Co., a Delaware corporation ("VS"), and Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation ("Service Provider," and together with VS, the "Parties").

WHEREAS, VS and Service Provider entered into that certain L Brands to VS Transition Services Agreement, dated as of August 2, 2021 and amended by Amendment No. 1 to L Brands to VS Transition Services Agreement effective as of January 31, 2022 (collectively, the "Agreement"); and

WHEREAS, pursuant to Section 9.02 of the Agreement, VS and Service Provider desire to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree to supplement, modify and amend the Agreement as set forth below.

1. Amendment. The Schedules to the Agreement are amended as outlined in the attached Exhibit A.

2. Miscellaneous.

(a) Except as expressly amended by this Amendment, all provisions of the Agreement shall remain in full force and effect.

(b) Unless otherwise defined herein, capitalized terms in this Amendment shall have the meanings given to them in the Agreement.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

(d) This Amendment may be executed in two or more counterparts (delivery of which may occur via electronic transmission), each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. A facsimile signature or electronically scanned copy of a signature shall constitute and shall be deemed to be sufficient evidence of a Party's execution of this Amendment, without necessity of further proof. Each such copy (or facsimile) shall be deemed an original, and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Amendment No. 2 to L Brands to VS Transition Services Agreement has been executed by the Parties effective as of the Effective Date.

VICTORIA'S SECRET & CO.

By: /s/ Timothy Johnson
Name: Timothy Johnson
Title: Chief Financial Officer

BATH & BODY WORKS, INC.

By: /s/ Wendy C. Arlin
Name: Wendy C. Arlin
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Amendment No. 2 to L Brands to VS Transition Services Agreement]

EXHIBIT A

[Intentionally Omitted]

Exhibit 10.24

AMENDMENT NO. 2 TO VS TO L BRANDS TRANSITION SERVICES AGREEMENT

This AMENDMENT NO. 2 TO VS TO L BRANDS TRANSITION SERVICES AGREEMENT (this "Amendment") is dated as of January 23, 2023 and effective as of January 28, 2023 (the "Effective Date"), by and between Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation ("BBW"), and Victoria's Secret & Co., a Delaware corporation ("Service Provider," and together with BBW, the "Parties").

WHEREAS, BBW and Service Provider entered into that certain VS to L Brands Transition Services Agreement, dated as of August 2, 2021 and amended by Amendment No. 1 to VS to L Brands Transition Services Agreement effective as of January 31, 2022 (collectively, the "Agreement"); and

WHEREAS, pursuant to Section 9.02 of the Agreement, BBW and Service Provider desire to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree to supplement, modify and amend the Agreement as set forth below.

1. **Amendment.** The Schedules to the Agreement are amended as outlined in the attached Exhibit A.

2. Miscellaneous.

- (a) Except as expressly amended by this Amendment, all provisions of the Agreement shall remain in full force and effect.
- (b) Unless otherwise defined herein, capitalized terms in this Amendment shall have the meanings given to them in the Agreement.
- (c) This Amendment shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

(d) This Amendment may be executed in two or more counterparts (delivery of which may occur via electronic transmission), each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. A facsimile signature or electronically scanned copy of a signature shall constitute and shall be deemed to be sufficient evidence of a Party's execution of this Amendment, without necessity of further proof. Each such copy (or facsimile) shall be deemed an original, and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Amendment No. 2 to VS to L Brands Transition Services Agreement has been executed by the Parties effective as of the Effective Date.

VICTORIA'S SECRET & CO.

By: /s/ Timothy Johnson
Name: Timothy Johnson
Title: Chief Financial Officer

BATH & BODY WORKS, INC.

By: /s/ Wendy C. Arlin
Name: Wendy C. Arlin
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Amendment No. 2 to VS to L Brands Transition Services Agreement]

Exhibit A

[Intentionally Omitted]

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Subsidiaries (a)	Jurisdiction of Incorporation
AdoreMe, Inc.	Delaware
IB International Holdings, Inc.	Delaware
IB US Retail Holdings, Inc.	Delaware
Intimate Apparel Brand Management, LP	Delaware
LBIB HK Limited	Hong Kong
Mast Industries (Far East) Limited	Hong Kong
Victoria's Secret Direct MII Brand Management, Import, LLC	Delaware
Victoria's Secret Stores Brand Management, LLC	Delaware
Victoria's Secret Stores, LLC	Delaware
VS Direct Fulfillment, LLC	Delaware
VS Service Company, LLC	Delaware
VS US Holding, LLC	Delaware

(a) The names of certain subsidiaries are omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of **January 28, 2023** **February 3, 2024**.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-258419) pertaining to the 2021 Stock Option and Performance Incentive Plan of Victoria's Secret & Co., and
- Registration Statement (Form S-8 No. 333-258021) pertaining to the 2021 Stock Option and Performance Incentive Plan and Associate Stock Purchase Plan of Victoria's Secret & Co.;

of our reports dated **March 17, 2023** **March 22, 2024**, with respect to the consolidated and combined financial statements of Victoria's Secret & Co. and the effectiveness of internal control over financial reporting of Victoria's Secret & Co. included in this Annual Report (Form 10-K) of Victoria's Secret & Co. for the year ended **January 28, 2023** **February 3, 2024**.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
March **17, 2023** **22, 2024**

Exhibit 24.1

POWER OF ATTORNEY VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended **January 28, 2023** **February 3, 2024** with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the **15th** **20th** day of March, **2023**, **2024**.

/s/ Irene Chang Britt

Irene Chang Britt

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended **January 28, 2023** **February 3, 2024** with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the **15th** **20th** day of March, **2023**, **2024**.

/s/ Jacqueline Hernández

Jacqueline Hernández

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended **January 28, 2023** **February 3, 2024** with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the **15th** **20th** day of March, **2023**, **2024**.

/s/ Donna James

Donna James

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended **January 28, 2023** **February 3, 2024** with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange

Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 15th 20th day of March, 2023, 2024.

/s/ Lauren Peters

Lauren Peters

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned officer and director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 28, 2023 February 3, 2024 with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Timothy Johnson, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 15th 20th day of March, 2023, 2024.

/s/ Martin Waters

Martin Waters

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 28, 2023 February 3, 2024 with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 15th 20th day of March, 2023, 2024.

/s/ Sarah Davis

Sarah Davis

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 28, 2023 February 3, 2024 with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints

Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the **15th** **20th** day of March, **2023**, **2024**.

/s/ Anne Sheehan

Anne Sheehan

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended **January 28, 2023** **February 3, 2024** with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the **15th** **20th** day of March, **2023**, **2024**.

/s/ Mariam Naficy

Mariam Naficy

POWER OF ATTORNEY
VICTORIA'S SECRET & CO.

The undersigned director of Victoria's Secret & Co., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended February 3, 2024 with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints Martin Waters and Timothy Johnson, and each of them, with full powers of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 20th day of March, 2024.

/s/ Rod Little

Rod Little

Exhibit 31.1

Section 302 Certification

I, Martin Waters, certify that:

1. I have reviewed this Annual Report on Form 10-K of Victoria's Secret & Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Martin Waters

Martin Waters
Chief Executive Officer

Date: **March 17, 2023** **March 22, 2024**

Exhibit 31.2

Section 302 Certification

I, Timothy Johnson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Victoria's Secret & Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Timothy Johnson

Timothy Johnson
Chief Financial and Administrative Officer

Date: **March 17, 2023** **March 22, 2024**

Exhibit 32.1

Section 906 Certification

Martin Waters, the Chief Executive Officer, and Timothy Johnson, the Chief Financial and Administrative Officer, of Victoria's Secret & Co. (the "Company"), each certifies that, to the best of his knowledge:

- (i) the Annual Report of the Company on Form 10-K dated **March 17, 2023** **March 22, 2024** for the fiscal year ended **January 28, 2023** **February 3, 2024** (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martin Waters

Martin Waters
Chief Executive Officer

/s/ Timothy Johnson

Timothy Johnson
Chief Financial and Administrative Officer

Date: **March 17, 2023** **March 22, 2024**

Exhibit 97.1

VICTORIA'S SECRET & CO. CLAWBACK POLICY

Adopted **November 29, 2022** **November 27, 2023**

The Human Capital and Compensation Committee (the "Committee") of the Board of Directors of Victoria's Secret & Co. (the "Company") has established and will administer this Clawback Policy (the "Policy").

This Policy describes two different clawback standards that apply to different groups of officers of the Company.

Financial Restatement Related Clawbacks

The Financial Restatement Related Clawbacks portion of this Policy applies to any current or former "executive officer" of the Company (as defined in Rule 10D-1 of the Securities Exchange Act of 1934, as amended (an "Executive Officer")) and will be implemented in accordance with the rules of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE").

In the event that the Company's financial statements are required to be restated due to material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement (a) to correct an error in previously issued financial statements that is material to the previously issued financial statements, or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, then the Committee shall, to reasonably promptly, require repayment or forfeiture of the extent legally possible, recoup the amount of Incentive Compensation described below Overpayment (defined below) that is received by an Executive Officer (x) after beginning service as an Executive Officer, (y) in respect on any performance period during which the individual was an Executive Officer and (z) during the three completed fiscal years immediately preceding the date that the Company is required to restate its financial statements. For the avoidance of doubt, clawbacks under this provision will apply even if the Executive Officer did not engage in any misconduct and even if the Executive Officer had no responsibility for the financial statement errors or other reasons requiring restatement.

In the event that the Company's financial statements are required to be restated due to the commission of an act of fraud or other misconduct, including dishonesty, unethical conduct or falsification of the Company's records, then the Committee shall, to the extent legally possible, recoup any Incentive Compensation received by the current or former Chief Executive Officer and Chief Financial Officer during the twelve months following the date of such financial restatement.

"Incentive Compensation" includes means any compensation that has been granted, earned, or vested based wholly or in part upon the achievement attainment of a restated financial reporting measure. measures, including, but not limited to: (a) non-equity incentive plan awards that are earned solely or in part by satisfying a financial reporting measure performance goal; (b) bonuses paid from a bonus pool, where the size of the pool is determined solely or in part by satisfying a financial reporting measure performance goal; (c) other cash awards based on satisfaction of a financial reporting measure performance goal; (d) restricted stock, restricted stock units, stock options, stock appreciation rights, and performance share units that are granted or vest solely or in part based on satisfaction of a financial reporting measure performance goal; and (e) proceeds from the sale of shares acquired through an incentive plan that were granted or vested solely or in part based on satisfaction of a financial reporting measure performance goal.

The amount of Incentive Compensation subject to recoupment shall be the amount of Incentive Compensation received by the Executive Officer during the applicable recovery period that exceeds the amount of Incentive Compensation that otherwise would have been received by the Executive Officer if such Incentive Compensation had been determined based on the revised financial information reflected in the accounting restatement restatement (the "Overpayment").

The Committee shall recover any Overpayment in accordance with this Policy except to the extent that the Committee determines such recovery would be impracticable because: (a) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; (b) recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022; or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

Section 10D of the Securities Exchange Act, Section 304 of the Sarbanes Oxley Act, and other applicable rules of the SEC and NYSE shall apply for purposes of administering this portion of the Policy and determining the applicable recovery period and which persons and Incentive Compensation are subject to recoupment.

Cause Related Clawbacks

The Committee has established the Cause Related Clawbacks portion of this Policy to apply to all cash based performance or incentive compensation and any equity compensation granted, awarded, issued, paid or payable to, any executive of the Company with the title of Senior Vice President and above (each, an "Executive"), including, but not limited to, any compensation granted under the Victoria's Secret and Co. 2021 Stock Option and Performance Incentive Plan (and any successor thereto) and the Victoria's Secret and Co. 2021 Cash Incentive Compensation Performance Plan (and any successor thereto) (collectively, "Variable Compensation") to any executive of the Company with the title of Senior Vice President and above (the "Executive").

Variable Compensation may be subject to clawback when the Committee determines, in its sole discretion, that one of the following triggers (each, a "Clawback Trigger") exists:

- (1) (a) an Executive was grossly negligent in the performance of the Executive's duties with the Company (other than a failure resulting from the Executive's incapacity due to physical or mental illness);
- (2) (b) an Executive has pled "guilty" or "no contest" to, or has been convicted of, an act which is defined as a felony under applicable federal or state law;
- (3) (c) an Executive has engaged in misconduct in bad faith that could reasonably be expected to materially harm the Company's business or its reputation; or

(4)(d) an Executive has violated a material provision of the Company's Code of Conduct, including, but not limited to, committing Subject Conduct or other violations of the Company's Discrimination, Anti-Harassment, Sexual Harassment and Non-Retaliation policies. "Subject Conduct" means sexual harassment (including creation of a hostile work environment), gender discrimination and retaliation related to the foregoing or a violation of any policy of the Company (or any of its affiliates) relating to sexual harassment (including creation of a hostile work environment), gender discrimination and retaliation related to the foregoing.

No event or condition described in subsections (a), (c) or (d) above shall constitute a Clawback Trigger unless (x) the Company provides the Executive with a Clawback Notice stating the grounds for such clawback; and (y) such grounds for clawback (if susceptible to correction) are not corrected by the Executive within thirty (30) days of the Executive's receipt of the Clawback Notice.

During the time that an Executive is under investigation into facts related to any of the Clawback Triggers, the Executive shall not be entitled to vest in or receive any Variable Compensation or any separation pay unless and until the investigation is concluded with a finding that a Clawback Trigger does not exist. In the event that the Committee determines that a Clawback Trigger exists, the Committee may clawback the full amount of any Variable Compensation awarded, paid or payable to an Executive during the two years preceding the Committee's determination and any Variable Compensation that has not yet vested may be immediately forfeited.

The Committee shall exercise discretion in determining whether or not to exercise the Company's recoupment rights under the Cause Related Clawbacks portion of this Policy and specifically may consider the expected third-party expense that will be incurred to enforce these rights in evaluating whether and the extent to which to enforce the Company's recoupment rights under this Cause Related Clawbacks portion of this Policy.

For the avoidance of doubt, in the event of an accounting restatement, as described in the Financial Restatement Related Clawbacks portion of this Policy, any amounts recovered under this Cause Related Clawbacks portion of this Policy would be in addition to the amounts required to be recouped under the Financial Restatement Related Clawbacks portion of this Policy.

Policy Provisions Applicable to All Clawbacks

The clawback amount is determined without regard to reduction for any taxes that have been withheld and includes any profit an Executive Officer or Executive realized upon the exercise of any stock options. In addition, with respect to equity compensation, the amount that is subject to clawback is equal to the number of shares issued in connection with the applicable stock award if such shares are still held or, if such shares have been sold, the proceeds from the sale of such shares.

To the maximum extent permitted by law, the Committee shall exercise discretion in determining whether or not to exercise the Company's recoupment rights under this Policy and specifically may consider the expected third-party expense that will be incurred to enforce these rights in evaluating whether and the extent to which to enforce the Company's recoupment rights under this Policy.

In no event shall the Company indemnify any Executive Officer or Executive against any clawback of Incentive Compensation or Variable Compensation pursuant to this Policy and any provision under a Company policy or agreement that would purport to provide such indemnification shall be void.

Effective Date

This Policy shall be effective as of October 2, 2023 (the "Effective Date") and shall apply to arrangements existing prior to the Effective Date.

DISCLAIMER

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