

REFINITIV

DELTA REPORT

10-Q

BBWI - BATH & BODY WORKS, INC.
10-Q - MAY 04, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	972
CHANGES	235
DELETIONS	405
ADDITIONS	332

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

FORM 10-Q

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

For the quarterly period ended **October 28, 2023** **May 4, 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 1-8344

BATH & BODY WORKS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

31-1029810
(IRS Employer Identification No.)

Three Limited Parkway
Columbus,
(Address of principal executive offices)

Ohio

43230
(Zip Code)

(614) 415-7000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 and posted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒ Smaller reporting company ☐ Non-accelerated filer ☐ 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

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, \$0.50 Par Value	BBWI	The New York Stock Exchange

As of **November 24, 2023** **May 31, 2024**, the number of outstanding shares of the Registrant's common stock was **225,940,592** **223,231,399** shares.

BATH & BODY WORKS, INC.

TABLE OF CONTENTS

	Page No.
Part I. Financial Information	
Item 1. Financial Statements *	
Consolidated Statements of Income (Unaudited)	3
Consolidated Statements of Comprehensive Income (Unaudited)	3
Consolidated Balance Sheets as of October 28, 2023May 4, 2024 (Unaudited), January 28, 2023February 3, 2024 and October 29, 2022April 29, 2023 (Unaudited)	4
Consolidated Statements of Total Equity (Deficit) (Unaudited)	5
Consolidated Statements of Cash Flows (Unaudited)	7 6
Notes to Consolidated Financial Statements (Unaudited)	8 7
Report of Independent Registered Public Accounting Firm	14 13
Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995	15 14
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16 15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	27 24
Item 4. Controls and Procedures	28 25
Part II. Other Information	29 26
Item 1. Legal Proceedings	29 26
Item 1A. Risk Factors	29 26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	29 26
Item 3. Defaults Upon Senior Securities	29 26
Item 4. Mine Safety Disclosures	29 26
Item 5. Other Information	29 26
Item 6. Exhibits	30 27
Signature	31 28

* The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "third "first quarter of 2023" 2024" and "third "first quarter of 2022" 2023" refer to the thirteen-week periods ended October 28, 2023 May 4, 2024 and October 29, 2022, respectively. "Year-to-date 2023" and "year-to-date 2022" refer to the thirty-nine-week periods ended October 28, 2023 and October 29, 2022 April 29, 2023, respectively.

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BATH & BODY WORKS, INC. CONSOLIDATED STATEMENTS OF INCOME (in millions, except per share amounts) (Unaudited)

		Third Quarter		Year-to-Date	
		2023	2022	2023	2022
Net Sales	Net Sales	\$ 1,562	\$ 1,604	\$ 4,517	\$ 4,672
Net Sales					
Net Sales					
Costs of Goods Sold, Buying and Occupancy					
Costs of Goods Sold, Buying and Occupancy					
Costs of Goods Sold, Buying and Occupancy	Costs of Goods Sold, Buying and Occupancy	(880)	(926)	(2,618)	(2,666)
Gross Profit	Gross Profit	682	678	1,899	2,006
Gross Profit					
Gross Profit					
General, Administrative and Store Operating Expenses					
General, Administrative and Store Operating Expenses	General, Administrative and Store Operating Expenses	(461)	(476)	(1,310)	(1,282)
Operating Income	Operating Income	221	202	589	724
Operating Income					
Operating Income					
Interest Expense					
Interest Expense	Interest Expense	(84)	(86)	(259)	(262)
Other Income	Other Income	22	3	68	7
Other Income					
Other Income					
Income Before Income Taxes					
Income Before Income Taxes					
Income Before Income Taxes	Income Before Income Taxes	159	119	398	469
Provision for Income Taxes	Provision for Income Taxes	40	28	99	103
Provision for Income Taxes					
Provision for Income Taxes					
Net Income					
Net Income					
Net Income	Net Income	\$ 119	\$ 91	\$ 299	\$ 366
Net Income per Basic Share	Net Income per Basic Share	\$ 0.52	\$ 0.40	\$ 1.31	\$ 1.57
Net Income per Basic Share					
Net Income per Basic Share					
Net Income per Diluted Share					
Net Income per Diluted Share					
Net Income per Diluted Share	Net Income per Diluted Share	\$ 0.52	\$ 0.40	\$ 1.31	\$ 1.56

BATH & BODY WORKS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

		Third Quarter		Year-to-Date	
		2023	2022	2023	2022
		First Quarter			
		First Quarter			
		First Quarter			
		2024			
		2024			
		2024			
Net Income					
Net Income					
Net Income	Net Income	\$ 119	\$ 91	\$ 299	\$ 366
Other Comprehensive Income (Loss), Net of Tax:	Other Comprehensive Income (Loss), Net of Tax:				
Other Comprehensive Income (Loss), Net of Tax:					
Other Comprehensive Income (Loss), Net of Tax:					
Foreign Currency Translation					
Foreign Currency Translation					
Foreign Currency Translation	Foreign Currency Translation	(4)	(4)	(4)	(4)
Unrealized Gain on Cash Flow Hedges	Unrealized Gain on Cash Flow Hedges	3	3	2	3
Reclassification of Cash Flow Hedges to Earnings		(1)	—	(1)	—
Unrealized Gain on Cash Flow Hedges					
Unrealized Gain on Cash Flow Hedges					
Total Other Comprehensive Loss, Net of Tax					
Total Other Comprehensive Loss, Net of Tax					
Total Other Comprehensive Loss, Net of Tax	Total Other Comprehensive Loss, Net of Tax	(2)	(1)	(3)	(1)
Total Comprehensive Income	Total Comprehensive Income	\$ 117	\$ 90	\$ 296	\$ 365
Total Comprehensive Income					
Total Comprehensive Income					

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

BATH & BODY WORKS, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except par value amounts)

		January		
		October 28, 2023	28, 2023	October 29, 2022
		(Unaudited)	(Unaudited)	(Unaudited)
May 4, 2024		May 4, 2024	February 3, 2024	April 29, 2023

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS	ASSETS			
Current Assets:	Current Assets:			
Current Assets:				
Current Assets:				
Cash and Cash Equivalents	Cash and Cash Equivalents			
Cash and Cash Equivalents				
Cash and Cash Equivalents	Cash and Cash Equivalents	\$ 412	\$ 1,232	\$ 295
Accounts Receivable, Net	Accounts Receivable, Net	197	226	242
Inventories	Inventories	1,205	709	1,269
Other	Other	145	99	142
Total Current Assets	Total Current Assets	1,959	2,266	1,948
Property and Equipment, Net	Property and Equipment, Net	1,244	1,193	1,121
Operating Lease Assets	Operating Lease Assets	1,067	1,050	1,074
Goodwill	Goodwill	628	628	628
Trade Name	Trade Name	165	165	165
Deferred Income Taxes	Deferred Income Taxes	35	37	41
Other Assets	Other Assets	145	155	156
Total Assets	Total Assets	\$ 5,243	\$ 5,494	\$ 5,133
LIABILITIES AND EQUITY (DEFICIT)	LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:	Current Liabilities:			
Current Liabilities:				
Current Liabilities:				
Accounts Payable	Accounts Payable			
Accounts Payable	Accounts Payable	\$ 627	\$ 455	\$ 632
Accrued Expenses and Other	Accrued Expenses and Other	590	673	645
Current Operating Lease Liabilities	Current Operating Lease Liabilities			
Current Operating Lease Liabilities				
Current Operating Lease Liabilities	Current Operating Lease Liabilities	192	177	175
Income Taxes	Income Taxes	—	74	—
Total Current Liabilities	Total Current Liabilities	1,409	1,379	1,452
Deferred Income Taxes	Deferred Income Taxes	167	168	158
Long-term Debt	Long-term Debt	4,497	4,862	4,860
Long-term Operating Lease Liabilities	Long-term Operating Lease Liabilities	1,020	1,014	1,039

Other Long-term Liabilities	Other Long-term Liabilities	274	276	232
Shareholders' Equity (Deficit):	Shareholders' Equity (Deficit):			
Preferred Stock - \$1.00 par value; 10 shares authorized; none issued	Preferred Stock - \$1.00 par value; 10 shares authorized; none issued	—	—	—
Common Stock - \$0.50 par value; 1,000 shares authorized; 242, 244 and 243 shares issued; 227, 229 and 228 shares outstanding, respectively	Common Stock - \$0.50 par value; 1,000 shares authorized; 242, 244 and 243 shares issued; 227, 229 and 228 shares outstanding, respectively	120	122	122
Preferred Stock - \$1.00 par value; 10 shares authorized; none issued	Preferred Stock - \$1.00 par value; 10 shares authorized; none issued			
Preferred Stock - \$1.00 par value; 10 shares authorized; none issued	Preferred Stock - \$1.00 par value; 10 shares authorized; none issued			
Common Stock - \$0.50 par value; 1,000 shares authorized; 238, 240 and 244 shares issued; 223, 225 and 229 shares outstanding, respectively	Common Stock - \$0.50 par value; 1,000 shares authorized; 238, 240 and 244 shares issued; 223, 225 and 229 shares outstanding, respectively			
Paid-in Capital	Paid-in Capital	831	817	801
Accumulated Other Comprehensive Income	Accumulated Other Comprehensive Income	75	78	79
Retained Earnings (Accumulated Deficit)	Retained Earnings (Accumulated Deficit)	(2,329)	(2,401)	(2,789)
Less: Treasury Stock, at Average Cost; 15, 15 and 15 shares, respectively	Less: Treasury Stock, at Average Cost; 15, 15 and 15 shares, respectively	(822)	(822)	(822)
Total Shareholders' Equity (Deficit)	Total Shareholders' Equity (Deficit)	(2,125)	(2,206)	(2,609)
Noncontrolling Interest	Noncontrolling Interest	1	1	1
Total Equity (Deficit)	Total Equity (Deficit)	(2,124)	(2,205)	(2,608)
Total Liabilities and Equity (Deficit)	Total Liabilities and Equity (Deficit)	\$ 5,243	\$5,494	\$ 5,133

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

BATH & BODY WORKS, INC.
CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

(in millions, except per share amounts)
(Unaudited)

Third First Quarter 2023 2024

		Common Stock			Accumulated	Retained	Treasury				Common		Accumulated	Retained	Treasury		Tre	
					Other	Earnings	Stock, at				Stock		Other	Earnings	Stock, at		Tr	
		Shares	Par	Paid-In	Comprehensive	(Accumulated	Average	Noncontrolling	Equity		Shares	Paid-In	Comprehensive	(Accumulated	Average	Noncontrolling	Eq	
		Outstanding	Value	Capital	Income	Deficit)	Cost	Interest	(Deficit)		Outstanding	Capital	Income	Deficit)	Cost	Interest	(De	
Balance, July 29, 2023		228	\$121	\$ 827	\$ 77	\$ (2,358)	\$ (822)	\$ 1	\$(2,154)									
Balance, February 3, 2024																		
Net Income	Net Income	—	—	—	—	119	—	—	119									
Other	Other																	
Comprehensive	Comprehensive																	
Loss	Loss	—	—	—	(2)	—	—	—	(2)									
Total	Total																	
Comprehensive	Comprehensive																	
Income	Income	—	—	—	(2)	119	—	—	117									
Cash Dividends (\$0.20 per share)	Cash Dividends (\$0.20 per share)	—	—	—	—	(45)	—	—	(45)									
Repurchases of	Repurchases of																	
Common Stock	Common Stock	(1)	—	—	—	—	(50)	—	(50)									
Treasury Share	Treasury Share																	
Retirement	Retirement	—	(1)	(4)	—	(45)	50	—	—									
Share-based	Share-based																	
Compensation	Compensation																	
and Other	and Other	—	—	8	—	—	—	—	8									
Balance, October 28, 2023		227	\$120	\$ 831	\$ 75	\$ (2,329)	\$ (822)	\$ 1	\$(2,124)									
Balance, May 4, 2024																		

Third First Quarter 2022 2023

										Common Stock	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
		Common Stock		Paid-In Capital	Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)							
		Shares	Par													
		Outstanding	Value													
Balance, July 30, 2022		228	\$122	\$ 791	\$ 80	\$ (2,834)	\$ (822)	\$ 1	\$(2,662)							
Balance, January 28, 2023																
Net Income	Net Income	—	—	—	—	91	—	—	91							
Other Comprehensive Loss	Other Comprehensive Loss	—	—	—	(1)	—	—	—	(1)							
Total Comprehensive Income	Total Comprehensive Income	—	—	—	(1)	91	—	—	90							
Cash Dividends (\$0.20 per share)	Cash Dividends (\$0.20 per share)	—	—	—	—	(46)	—	—	(46)							
Share-based Compensation and Other																
Share-based Compensation and Other	Share-based Compensation and Other	—	—	10	—	—	—	—	10							
Balance, October 29, 2022		228	\$122	\$ 801	\$ 79	\$ (2,789)	\$ (822)	\$ 1	\$(2,608)							
Share-based Compensation and Other																

Balance, April
29, 2023

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

BATH & BODY WORKS, INC.
CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)
(in millions, except per share amounts)
(Unaudited)

Year-to-Date 2023

	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income		Retained Earnings (Accumulated Deficit)		Treasury Stock, at Average Cost		Noncontrolling Interest	Total Equity (Deficit)
	Shares Outstanding	Par Value									
Balance, January 28, 2023	229	\$ 122	\$ 817	\$ 78	\$ (2,401)	\$ (822)	\$ 1	\$ (2,205)			
Net Income	—	—	—	—	299	—	—	299			
Other Comprehensive Loss	—	—	—	(3)	—	—	—	(3)			
Total Comprehensive Income	—	—	—	(3)	299	—	—	296			
Cash Dividends (\$0.60 per share)	—	—	—	—	(137)	—	—	(137)			
Repurchases of Common Stock	(3)	—	—	—	—	(100)	—	(100)			
Treasury Share Retirement	—	(2)	(8)	—	(90)	100	—	—			
Share-based Compensation and Other	1	—	22	—	—	—	—	22			
Balance, October 28, 2023	227	\$ 120	\$ 831	\$ 75	\$ (2,329)	\$ (822)	\$ 1	\$ (2,124)			

Year-to-Date 2022

	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income		Retained Earnings (Accumulated Deficit)		Treasury Stock, at Average Cost		Noncontrolling Interest	Total Equity (Deficit)
	Shares Outstanding	Par Value									
Balance, January 29, 2022	254	\$ 134	\$ 893	\$ 80	\$ (1,803)	\$ (822)	\$ 1	\$ (1,517)			
Net Income	—	—	—	—	366	—	—	366			
Other Comprehensive Loss	—	—	—	(1)	—	—	—	(1)			
Total Comprehensive Income	—	—	—	(1)	366	—	—	365			
Cash Dividends (\$0.60 per share)	—	—	—	—	(140)	—	—	(140)			
Repurchases of Common Stock	(7)	—	—	—	—	(312)	—	(312)			
Accelerated Share Repurchase Program	(20)	—	—	—	—	(1,000)	—	(1,000)			
Treasury Share Retirement	—	(13)	(87)	—	(1,212)	1,312	—	—			
Share-based Compensation and Other	1	1	(5)	—	—	—	—	(4)			
Balance, October 29, 2022	228	\$ 122	\$ 801	\$ 79	\$ (2,789)	\$ (822)	\$ 1	\$ (2,608)			

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

BATH & BODY WORKS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

Year-to-Date		First Quarter	
2023	2022	2024	2023

Operating Activities:	Operating Activities:		
Net Income	Net Income	\$ 299	\$ 366
Net Income			
Net Income			
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of Long-lived Assets	Depreciation of Long-lived Assets	199	162
Depreciation of Long-lived Assets			
Depreciation of Long-lived Assets			
Share-based Compensation Expense	Share-based Compensation Expense	29	26
Gain on Extinguishment of Debt		(28)	—
Loss (Gain) on Extinguishment of Debt			
Changes in Assets and Liabilities:	Changes in Assets and Liabilities:		
Changes in Assets and Liabilities:			
Accounts Receivable			
Accounts Receivable			
Accounts Receivable	Accounts Receivable	29	(3)
Inventories	Inventories	(499)	(563)
Accounts Payable, Accrued Expenses and Other	Accounts Payable, Accrued Expenses and Other	117	185
Income Taxes Payable	Income Taxes Payable	(114)	(57)
Other Assets and Liabilities	Other Assets and Liabilities	(4)	(49)
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	28	67
Investing Activities:	Investing Activities:		
Capital Expenditures	Capital Expenditures	(250)	(252)
Capital Expenditures			
Capital Expenditures			
Other Investing Activities	Other Investing Activities	11	—
Net Cash Used for Investing Activities	Net Cash Used for Investing Activities	(239)	(252)

Financing Activities:	Financing Activities:		
Payments of Long-term Debt	(343)	—	
Payments for Long-term Debt			
Payments for Long-term Debt			
Payments for Long-term Debt			
Repurchases of Common Stock			
Repurchases of Common Stock			
Repurchases of Common Stock	Repurchases of Common Stock	(99)	(1,312)
Dividends Paid	Dividends Paid	(137)	(140)
Tax Payments Related to Share-based Awards	Tax Payments Related to Share-based Awards	(10)	(32)
Other Financing Activities	Other Financing Activities	(20)	(15)
Other Financing Activities			
Other Financing Activities			
Net Cash Used for Financing Activities	Net Cash Used for Financing Activities	(609)	(1,499)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—
Net Decrease in Cash and Cash Equivalents	Net Decrease in Cash and Cash Equivalents	(820)	(1,684)
Cash and Cash Equivalents, Beginning of Year	Cash and Cash Equivalents, Beginning of Year	1,232	1,979
Cash and Cash Equivalents, End of Period	Cash and Cash Equivalents, End of Period	\$ 412	\$ 295

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

BATH & BODY WORKS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business and Basis of Presentation

Description of Business

Bath & Body Works, Inc. (the "Company") is a global omnichannel retailer focused on personal care and home fragrance. The Company sells merchandise through its retail stores in the United States of America ("U.S.") and Canada, and through its websites and other channels, under the Bath & Body Works, White Barn and other brand names. The Company's international business is conducted through franchise, license and wholesale partners. The Company operates as and reports a single segment.

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "third "first quarter of 2023" 2024" and "third "first quarter of 2022" 2023" refer to the thirteen-week periods ended **October 28, 2023** May 4, 2024 and **October 29, 2022** April 29, 2023, respectively. "Year-to-date 2023" and "year-to-date 2022" refer to the thirty-nine-week periods ended October 28, 2023 and October 29, 2022, respectively.

The Company utilizes the retail calendar for reporting. As a result, the Company's fiscal 2023 will include 53 weeks, with the fourth quarter representing the 14-week period ending February 3, 2024.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for investments in unconsolidated entities where it exercises significant influence, but does not have control, using the equity method.

Interim Financial Statements

The Consolidated Financial Statements as of and for the periods ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023** are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in the Company's **2022 2023** Annual Report on Form 10-K.

In the opinion of management, the accompanying Consolidated Financial Statements reflect all adjustments that are of a normal recurring nature and necessary for a fair presentation of the results for the interim periods.

Seasonality of Business

The Company's 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). Historically, the **Company's Company's** sales are **higher highest** during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Due to the seasonal variations in the retail industry, the results of operations for the interim periods are not necessarily indicative of the results expected for the full fiscal year.

Derivative Financial Instruments

The Company's Canadian dollar denominated earnings are subject to exchange rate risk as substantially all the Company's merchandise sold in Canada is sourced through U.S. dollar transactions. The Company uses foreign currency forward contracts designated as cash flow hedges to mitigate this foreign currency exposure. Amounts are reclassified from Accumulated Other Comprehensive Income 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 Statements of Income. All designated cash flow hedges are recorded on the Consolidated Balance Sheets at fair value. The fair value of designated cash flow hedges is not significant for any period presented. The Company does not use derivative financial instruments for trading purposes.

Concentration of Credit Risk

The Company maintains cash and cash equivalents and derivative contracts with various major financial institutions. The Company monitors the relative credit standing of financial institutions with whom **the Company** it transacts and limits the amount of credit exposure with any one entity. The Company's investment portfolio is primarily composed of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and bank deposits.

The Company also periodically reviews the relative credit standing of franchise, license and wholesale partners and other entities to which **the Company** it 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 recorded to the allowance when it is determined that expected credit losses may occur.

Easton Investments

The Company has land and other investments in Easton, a planned community in Columbus, Ohio, that integrates office, hotel, retail, residential and recreational space. These investments, totaling **\$127 million \$121 million** as of **October 28, 2023** **May 4, 2024**, **\$124 million \$120 million** as of **January 28, 2023** **February 3, 2024** and **\$125 million \$126 million** as of **October 29, 2022** **April 29, 2023**, are recorded in Other Assets on the Consolidated Balance Sheets.

Included in As of May 4, 2024, the Company's Easton investments **are included** equity interests in Easton Town Center, LLC ("ETC") and Easton Gateway, LLC ("EG"), entities that own and develop commercial entertainment and shopping centers. **On May 10, 2024, the Company sold its entire interest in the business associated with EG and received cash proceeds of \$23 million at closing (the "EG Transaction").**

The Company's **investments investment** in ETC **and EG are is** accounted for using the equity method of accounting. The Company has **a** majority financial **interests interest** in ETC, **and EG**, but **another an** unaffiliated member manages **them, it**, and certain significant decisions regarding ETC **and EG** require the consent of unaffiliated members in addition to the Company. **Prior to the closing of the EG Transaction, the Company also accounted for its investment in EG using the equity method of accounting.**

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 all unconsolidated entities is included in Other Income in the Consolidated Statements of Income. 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.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, **Improvements to Reportable Segment Disclosures**, that expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance, and applies to companies with a single reportable segment. The standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company **did not adopt any new accounting standards year-to-date 2023 that had a material is** currently evaluating the impact of adopting this standard on its **consolidated results disclosures**.

In December 2023, the FASB issued ASU 2023-09, **Improvements to Income Tax Disclosures**, that requires enhanced income tax disclosures, primarily related to standardization and disaggregation of **operations, financial position** rate reconciliation categories and income taxes paid by jurisdiction. This standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and may be applied either prospectively or **cash flows. In addition, as** retrospectively. The Company is currently evaluating the

impact of December 1, 2023, there were no new accounting standards that the Company has not yet adopted that are expected to have a material impact adopting this standard on its consolidated results of operations, financial position or cash flows. disclosures.

2. Revenue Recognition

Accounts receivable, net from revenue-generating activities were \$74 million as of May 4, 2024, \$84 million as of October 28, 2023, February 3, 2024 and \$79 million as of January 28, 2023 and \$103 million as of October 29, 2022 April 29, 2023. These accounts receivable primarily relate to amounts due from the Company's franchise, license and wholesale partners. Under these arrangements, payment terms are typically 45 to 75 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 points and rewards and direct channel shipments, which are all impacted by seasonal and holiday-related sales patterns. Deferred revenue, which is recorded within Accrued Expenses and Other on the Consolidated Balance Sheets, was \$163 million \$178 million as of October 28, 2023 May 4, 2024, \$195 million \$198 million as of January 28, 2023 February 3, 2024 and \$147 million \$171 million as of October 29, 2022 April 29, 2023. The Company recognized \$123 million \$71 million as revenue year-to-date 2023 during the first quarter of 2024 from amounts recorded as deferred revenue at the beginning of the Company's fiscal year.

The following table provides a disaggregation of Net Sales for the third first quarters of 2024 and year-to-date 2023 and 2022: 2023:

		Third Quarter		Year-to-Date	
		2023	2022	2023	2022
		(in millions)			
Stores - U.S. and Canada		\$ 1,168	\$ 1,178	\$ 3,345	\$ 3,398
	First Quarter				
	First Quarter				
	First Quarter				
	2024				
	2024				
	2024				
	(in millions)				
	(in millions)				
	(in millions)				
Stores - U.S. and Canada (a)					
Direct - U.S. and Canada	Direct - U.S. and Canada	317	345	926	1,030
International (a)		77	81	246	244
Direct - U.S. and Canada					
Direct - U.S. and Canada					
International (b)					
International (b)					
International (b)					
Total Net Sales	Total Net Sales	\$ 1,562	\$ 1,604	\$ 4,517	\$ 4,672
Total Net Sales					
Total Net Sales					

(a) Results include fulfilled buy online-pick up in store orders.

(b) Results include royalties associated with franchised stores and wholesale sales.

The Company's net sales outside of the U.S. include sales from Company-operated stores and its e-commerce site in Canada, royalties associated with franchised stores and wholesale sales. 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 \$161 \$126 million and \$160 \$145 million for the third first quarters of 2023 2024 and 2022, respectively, and \$468 million and \$462 million for year-to-date 2023, and 2022, respectively.

3. Net Income Per Share and Shareholders' Equity (Deficit)

Net Income Per Share

Net Income per Basic Share is computed based on the weighted-average number of common shares outstanding. Net Income per Diluted Share includes the weighted-average effect of dilutive restricted share units, performance share units and stock options (collectively, "Dilutive Awards") on the weighted-average common shares outstanding.

The following table provides the weighted-average shares utilized for the calculation of Net Income per Basic and Diluted Share for the **third first** quarters of **2024** and **year-to-date 2023 and 2022**; **2023**:

		Third Quarter		Year-to-Date	
		2023	2022	2023	2022
		(in millions)			
	2024				
	2024				
	2024				
	(in millions)				
	(in millions)				
	(in millions)				
Common Shares	Common Shares	242	243	243	248
Common Shares					
Common Shares					
Treasury Shares					
Treasury Shares					
Treasury Shares	Treasury Shares	(15)	(15)	(15)	(15)
Basic Shares	Basic Shares	227	228	228	233
Basic Shares					
Basic Shares					
Effect of Dilutive Awards					
Effect of Dilutive Awards					
Effect of Dilutive Awards	Effect of Dilutive Awards	1	1	1	2
Diluted Shares	Diluted Shares	228	229	229	235
Diluted Shares					
Diluted Shares					
Anti-dilutive Awards	Anti-dilutive Awards				
(a)	(a)	—	1	1	1
Anti-dilutive Awards (a)					
Anti-dilutive Awards (a)					

(a) These awards were excluded from the calculation of Net Income per Diluted Share because their inclusion would have been anti-dilutive.

Common Stock Repurchases

2022 Share Repurchase Program

In February 2022, the Company's Board of Directors (the "Board") authorized a \$1.5 billion share repurchase program (the "February 2022 Program"). The Company did not repurchase any shares of its common stock under the February 2022 Program during the first quarter of 2023.

Under the February 2022 Program, the Company repurchased the following shares of its common stock during **year-to-date 2023**; **the first quarter of 2024**:

Repurchase Program	Repurchase Program	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
		(in millions)	(in thousands)	(in millions)	
Repurchase Program					
Repurchase Program					
		(in thousands)			
		(in thousands)			
		(in thousands)			
February 2022					
February 2022					
February 2022	February 2022	\$ 1,500	2,765	\$ 100	\$ 36.16

The February 2022 Program had \$88 million of no remaining authority as of **October 28, 2023** **May 4, 2024**. There were share repurchases of \$1 million reflected in Accounts Payable on the **October 28, 2023** **February 3, 2024** Consolidated Balance Sheet. **Subsequent to October 28, 2023 through December 1, 2023**,

In January 2024, the Board authorized a new \$500 million share repurchase program (the "January 2024 Program"). Under the January 2024 Program, the Company repurchased an additional 569 thousand the following shares of its common stock for \$17 million under during the February 2022 Program, first quarter of 2024:

The January 2024 Program had \$440 million of remaining authority as of May 4, 2024. There were share repurchases of \$5 million reflected in Accounts Payable on the May 4, 2024 Consolidated Balance Sheet.

Shares of common stock repurchased under the February 2022 Program and January 2024 Programs are retired and cancelled upon repurchase. As a result, the Company retired the 2,765 thousand 2,171 million shares repurchased under during the February 2022 Program during year-to-date 2023, first quarter of 2024, which resulted in reductions of \$2 million \$1 million in the par value of Common Stock, \$8 million \$5 million in Paid-in Capital and \$90 million \$93 million in Retained Earnings (Accumulated Deficit).

	Ordinary Dividends	Total Paid
	(per share)	(in millions)
2024		
First Quarter	\$ 0.20	\$ 45
2023		
First Quarter	\$ 0.20	\$ 46

October 28, 2023		January 28, 2023	October 29, 2022
(in millions)			
May 4, 2024	May 4, 2024	February 3, 2024	April 29, 2023
(in millions)			(in millions)

(in millions)							
May 4, 2024		May 4, 2024		February 3, 2024		April 29, 2023	
(in millions)						(in millions)	
Senior	Senior						
Debt with	Debt with						
Subsidiary	Subsidiary						
Guarantee	Guarantee						
\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	\$ 312	\$ 317	\$ 317			
\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")							
\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")							
\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	286	283	283			
\$486 million, 5.250% Fixed Interest Rate Notes due February 2028 ("2028 Notes")		483	498	497			
\$500 million, 7.500% Fixed Interest Rate Notes due June 2029 ("2029 Notes")		492	491	490			
\$958 million, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")		950	991	991			
\$861 million, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")		855	993	993			
\$614 million, 6.750% Fixed Interest Rate Notes due July 2036 ("2036 Notes")		609	694	694			

\$451				
million,				
5.250%				
Fixed				
Interest				
Rate Notes				
due				
February				
2028				
("2028				
Notes")				
\$493				
million,				
7.500%				
Fixed				
Interest				
Rate Notes				
due June				
2029				
("2029				
Notes")				
\$900				
million,				
6.625%				
Fixed				
Interest				
Rate Notes				
due				
October				
2030				
("2030				
Notes")				
\$806				
million,				
6.875%				
Fixed				
Interest				
Rate Notes				
due				
November				
2035				
("2035				
Notes")				
\$575				
million,				
6.750%				
Fixed				
Interest				
Rate Notes				
due July				
2036				
("2036				
Notes")				
Total	Total			
Senior	Senior			
Debt with	Debt with			
Subsidiary	Subsidiary			
Guarantee	Guarantee	\$3,987	\$4,267	\$4,265
<u>Senior</u>	<u>Senior</u>			
<u>Debt</u>	<u>Debt</u>			
\$311 million, 6.950%				
Fixed Interest Rate				
Debentures due March				
2033 ("2033 Notes")		\$ 310	\$ 349	\$ 349

\$284 million, 6.950%				
Fixed Interest Rate				
Debentures due March				
2033 ("2033 Notes")				
\$284 million, 6.950%				
Fixed Interest Rate				
Debentures due March				
2033 ("2033 Notes")				
\$284 million, 6.950%				
Fixed Interest Rate				
Debentures due March				
2033 ("2033 Notes")				
\$201	\$201			
million,	million,			
7.600%	7.600%			
Fixed	Fixed			
Interest	Interest			
Rate Notes	Rate Notes			
due July	due July			
2037	2037			
("2037	("2037	200	246	246
Notes")	Notes")			
Total	Total			
Senior	Senior			
Debt	Debt	510	595	595
Total	Total			
Long-term	Long-term			
Debt	Debt	\$4,497	\$4,862	\$4,860

Repurchases of Notes

During the **third** first quarter of 2024, the Company repurchased in the open market and **year-to-date** extinguished \$109 million principal amount of its outstanding senior notes. The aggregate repurchase price for these notes was \$110 million, resulting in a pre-tax loss of \$1 million, including the write-off of unamortized issuance costs. This loss is included in Other Income in the first quarter of 2024 Consolidated Statement of Income.

During the first quarter of 2023, the Company repurchased in the open market and extinguished **\$174 million** and **\$373 million** **\$84 million** principal **amounts** **amount** of its outstanding senior **notes, respectively, notes**. The aggregate repurchase **prices** **price** for these notes **were** \$161 million and \$343 million for the third quarter of and year-to-date 2023, respectively, **was** \$76 million, resulting in a pre-tax **gains** **gain** of \$12 million and \$28 million **\$7 million, net of** including the write-off of unamortized issuance **costs, during the** third quarter of and year-to-date 2023, respectively. These gains are **costs**. **This gain is** included in Other Income in the **first quarter of** 2023 Consolidated **Statements** **Statement** of Income. There were \$2 million of repurchases reflected in Accounts Payable on the April 29, 2023 Consolidated Balance Sheet.

The following table provides details of the outstanding principal amount of senior notes repurchased and extinguished during the **third quarter** **first quarters** of 2024 and **year-to-date** 2023:

		Year-	
		Third	to-
		Quarter	Date
		(in millions)	
		First Quarter	
		First Quarter	
		First Quarter	
		2024	
		2024	
		2024	
		(in millions)	
		(in millions)	
		(in millions)	
2025	2025		
Notes	Notes	\$ —	\$ 6
2028	2028		
Notes	Notes	14	14
2028 Notes			
2028 Notes			

2029 Notes				
2029 Notes				
2029 Notes				
2030 Notes				
2030 Notes				
2030	2030			
Notes	Notes	35	42	
2033 Notes				
2033 Notes				
2035 Notes				
2035 Notes				
2035	2035			
Notes	Notes	78	139	
2036 Notes				
2036 Notes				
2037 Notes				
2037 Notes				
2037	2037			
Notes	Notes	13	47	
Total	Total	\$ 174	\$373	
Total				
Total				

Subsequent to October 28, 2023 through December 1, 2023, the Company repurchased in the open market and extinguished \$93 million principal amount of its outstanding senior notes for an aggregate repurchase price of \$86 million.

Asset-backed Revolving Credit Facility

The Company and certain of the Company's 100% owned subsidiaries guarantee and pledge collateral to secure an asset-backed revolving credit facility ("ABL Facility"). The ABL Facility, which allows borrowings and letters of credit in U.S. dollars or Canadian dollars, has aggregate commitments of \$750 million and an expiration date in August 2026.

In the second quarter of 2023, the Company amended its ABL Facility to replace the London Interbank Offer Rate ("LIBOR") based rate with a Secured Overnight Financing Rate ("SOFR") based rate as the interest rate benchmark on U.S. dollar borrowings. This amendment made no other material changes to the terms of the ABL Facility.

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, accounts receivable, inventory and eligible real property, or (ii) the aggregate commitment. If at any time the outstanding amount under the ABL Facility exceeds the lesser of (i) the borrowing base and (ii) the aggregate commitment, the Company is required to repay the outstanding amounts under the ABL Facility to the extent of such excess. As of **October 28, 2023** **May 4, 2024**, the Company's borrowing base was **\$1.169 billion** **\$656 million**, and it had no borrowings outstanding under the ABL Facility.

The ABL Facility supports the Company's letter of credit program. The Company had \$10 million of outstanding letters of credit as of **October 28, 2023** **May 4, 2024** that reduced its availability under the ABL Facility. As of **October 28, 2023** **May 4, 2024**, the Company's availability under the ABL Facility was **\$740 million** **\$646 million**.

As of **October 28, 2023** **May 4, 2024**, the ABL Facility fees related to committed and unutilized amounts were 0.30% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was the **Term SOFR** **term Secured Overnight Financing Rate** plus 1.25% and a credit spread adjustment of 0.10% per annum. The interest rate on **outstanding** Canadian dollar-denominated borrowings **was is presently set to** the Canadian Dollar Offered Rate plus 1.25% per annum. Due to the phase-out of the Canadian Dollar Offered Rate, Canadian dollar-denominated borrowings outstanding on or after June 30, 2024 will accrue at the **Canadian Prime Rate plus 0.25% per annum**.

The ABL Facility requires the Company to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (i) \$70 million or (ii) 10% of the maximum borrowing amount. As of **October 28, 2023** **May 4, 2024**, the Company was not required to maintain this ratio.

8. Fair Value Measurements

Cash and Cash Equivalents include cash on hand, deposits with financial institutions and highly liquid investments with original maturities of less than 90 days. 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.

The following table provides a summary of the principal value and estimated fair value of the Company's outstanding Long-term Debt as of **October 28, 2023**, **May 4, 2024**, **January 28, 2023**, **February 3, 2024** and **October 29, 2022**, **April 29, 2023**:

		October 28, 2023	January 28, 2023	October 29, 2022
		(in millions)		
	May 4, 2024	May 4, 2024	February 3, 2024	April 29, 2023
		(in millions)		
Principal Value	Principal Value	\$4,542	\$4,915	\$4,915
Fair Value, Estimated (a)	Fair Value, Estimated (a)	4,122	4,707	4,367

- (a) The estimated fair value of the Company's Long-term Debt is based on reported transaction prices, which are considered Level 2 inputs in accordance with Accounting Standards Codification 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 the Company's Accounts Receivable, Accounts Payable and Accrued Expenses approximate their fair values because of their short maturities.

9. Commitments and Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising in the ordinary course of business. Actions filed against the Company may from time to time may include commercial, tort, intellectual property, tax, customer, employment, wage and hour, data privacy, securities, anti-corruption 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.

Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co. and the disposal of a certain other business, the Company had remaining contingent obligations of **\$267 million**, **\$258 million** as of **October 28, 2023**, **May 4, 2024** related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. These obligations include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of these businesses. The Company's reserves related to these obligations were not significant for any period presented.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Bath & Body Works, Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheets of Bath & Body Works, Inc. (the Company) as of **October 28, 2023**, **May 4, 2024** and **October 29, 2022**, **April 29, 2023**, the related consolidated statements of income, comprehensive income, and total equity (deficit) for the thirteen, and thirty-nine week periods ended **October 28, 2023** and **October 29, 2022**, the consolidated statements of cash flows for the thirty-nine week thirteen-week periods ended **October 28, 2023**, **May 4, 2024** and **October 29, 2022**, **April 29, 2023**, and the related notes (collectively referred to as the "consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of **January 28, 2023**, **February 3, 2024**, and the related consolidated statements of income, comprehensive income, total equity (deficit), and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated **March 17, 2023**, **March 22, 2024**, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of **January 28, 2023**, **February 3, 2024**, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. 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 SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Grandview Heights, Ohio

December 1, 2023, **June 4, 2024**

**SAFE HARBOR STATEMENT UNDER THE PRIVATE
SECURITIES LITIGATION ACT OF 1995**

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this report or made by our Company or our management 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. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “planned,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by our the Company or our management:

- general economic conditions, inflation, and deflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
 - the seasonality of our business;
 - the anticipated benefits from the Victoria's Secret & Co. (“Victoria's Secret”) spin-off may not be realized;
 - the spin-off of Victoria's Secret may not be tax-free for U.S. federal income tax purposes;
 - our dependence on Victoria's Secret for information technology services and the transition of such services to our own information technology systems or to those of third-party technology service providers;
 - our ability to attract, develop and retain qualified associates and manage labor-related costs;
 - difficulties arising from turnover in Company leadership or other key positions;
 - the dependence on store traffic and the availability of suitable store locations on appropriate terms;
 - our continued growth in part through new store openings and existing store remodels and expansions;
 - our ability to successfully operate and expand internationally and related risks;
 - our independent franchise, license, wholesale and wholesale other distribution-related partners;
 - our direct channel business;
 - our ability to protect our reputation and our brand image;
 - our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
 - our ability to successfully achieve expected annual cost savings in connection with our profit optimization efforts to reduce expenses and improve operating efficiency in the business;
 - our ability to attract customers with marketing, advertising, promotional programs and promotional programs; our loyalty program;
 - our ability to maintain, enforce and protect our trade names, trademarks and patents;
 - the highly competitive nature of the retail industry and the segments in which we operate;
 - consumer acceptance of our products and our ability to manage the life cycle of our brand, develop new merchandise and launch and expand new product lines successfully;
 - our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, wars and other armed conflicts, environmental hazards or natural disasters;
 - significant health hazards or pandemics, such as the COVID-19 pandemic, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas;
 - duties, taxes and other charges;
 - legal and regulatory matters;
 - volatility in currency exchange rates;
 - local business practices and political issues;
 - delays or disruptions in shipping and transportation and related pricing impacts;
 - disruption due to labor disputes; and or
 - changing expectations regarding product safety due to new legislation;
 - our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
 - the geographic concentration of vendor third-party manufacturing facilities and our distribution facilities in central Ohio;
 - our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs;
 - the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
 - the spin-off of Victoria's Secret may not be tax-free for U.S. federal income tax purposes;
 - fluctuations in foreign currency exchange rates;
 - fluctuations in product input costs;
 - fluctuations in energy costs;
 - our ability to adequately protect our assets from loss and theft;
 - increases in the costs of mailing, paper, printing or other order fulfillment logistics;
 - claims arising from our self-insurance;
-
- our and our third-party service providers, including Victoria's Secret during the term of the Transition Services Agreement between us and Victoria's Secret, ability to implement and maintain information technology systems and to protect associated data;
 - our ability to maintain the security of customer, associate, third-party and Company information;

- stock price volatility;
- our ability to pay dividends and make share repurchases under share repurchase authorizations;
- shareholder activism matters;
- our ability to maintain our credit ratings;
- our ability to service **repurchase** or refinance our debt and maintain compliance with our restrictive covenants;

- our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this report 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 our **2022 2023** Annual Report on Form 10-K.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations is based upon our Consolidated 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. The following information should be read in conjunction with our financial statements and the related notes included in Part I, Item 1. Financial Statements in this Quarterly Report on Form 10-Q.

Executive Overview

In the **third** first quarter of 2024, consolidated Net Sales were \$1.384 billion, which decreased \$12 million, or 0.9%, compared to the first quarter of 2023. The decline was primarily driven by a decline in International wholesale Net Sales. North American Net Sales benefited by approximately 200 basis points from the shifted fiscal calendar resulting from the 53rd week in fiscal 2023 offset by a decrease in average dollar sale as we continue to see customers carefully manage their spending. Our first quarter Operating Income was \$187 million, which increased \$6 million, or 4%, compared to the first quarter of 2023, Net Sales decreased \$42 million, or 3%, to \$1.562 billion compared to the third quarter of 2022, primarily due to a decrease in both average dollar sale and total transactions. In our stores and direct channels, Net Sales decreased 1% to \$1.168 billion, and 8% to \$317 million, respectively. In our international business, Net Sales decreased 5% to \$77 million.

In the third quarter of 2023, Operating Income increased \$19 million, or 9%, to \$221 million, from \$202 million in the third quarter of 2022, and the Operating Income rate (expressed as a percentage of Net Sales) increased to **14.1%** **13.5%** from **12.6%** **12.9%**. These increases The improvements in Operating Income were primarily due to a 200-basis point increase driven by improvement in our the merchandise margin rate, driven partially offset by approximately \$40 million of deflation increases in our cost structure, lower product costs and reduced transportation costs, and General, Administrative and Store Operating Expense **dollars** and **rate** (expressed as a percentage of Net Sales) improvement resulting from our cost optimization work (discussed below). **rate**.

For additional information related to our **third** first quarter **2023** 2024 financial performance, see "Results of Operations."

Cost Optimization

We are enhancing our operations and efficiency by targeting an aggregate of **\$200 million** **\$250 million** of planned annual cost savings across both Gross Profit and General, Administrative and Store Operating Expenses. We delivered approximately \$150 million of annual cost reductions as part of this initiative in fiscal 2023, and continue to expect approximately \$100 million in additional annual cost savings in fiscal 2024. Our cost optimization work delivered **benefits of approximately \$45 million** **\$40 million** in the third quarter of 2023, and we expect to deliver approximately \$50 million of annual cost savings in the **fourth** first quarter of 2023 and \$150 million of total cost savings in fiscal 2023. We expect to realize the remaining benefits in fiscal 2024.

Outlook

We anticipate **continued** **continuing** macroeconomic **uncertainty**, **soft** customer spending and **category** pressures as well as continuing post-pandemic normalization following the **COVID-19** pandemic in our of candles and sanitizers **categories** to pressure Net Sales in the fourth quarter of 2023 and potentially continuing into fiscal 2024. We expect the normalization to moderate as we move through the year. We plan to deliver growth from our core categories, supported by newness and seasonal storytelling and continued focus on our new category adjacencies, including men's, hair, lip, and laundry, to reach new customers. We are also focused on the acquisition of more loyal and engaged customers driven by enhanced loyalty capabilities and personalized digital experiences supported by our technology and marketing investments. We expect that our technology investments will be comparable to fiscal 2023, albeit shifting from investments that in 2023 were primarily focused on information technology ("IT") separation to investments to enhance our omnichannel capabilities and support the growth and profitability of our business, while also enhancing the security of, and otherwise reducing risks associated with, our IT systems.

In 2024, we expect the merchandise margin rate to improve in the fourth quarter of 2023 compared to the fourth quarter of 2022, 2023, driven by anticipated modest average unit retail expansion and product cost declines. The lower product costs reflect the expected benefits of our strategic initiatives and continued deflation in our cost structure and but are expected reductions in expenses resulting from our cost optimization work, to be partially offset by reinvestment into product restages, reformulations and innovation. We expect Buying and Occupancy Expenses to deleverage compared to 2023, driven by continued investments into our continued investment in product formulation and packaging upgrades, store real estate. General, Administrative and Store Operating Expenses are expected to deleverage in the fourth quarter of 2023 compared to 2023, primarily driven by the fourth quarter higher marketing investments as well as wage inflation, both of 2022, as which we expect higher marketing spend and technology investments. We are investing in a brand campaign and personalized marketing to activate new programs to drive customer awareness, acquisition and retention. Following will be partially offset by the information technology ("IT") separation from Victoria's Secret that we substantially completed in the second quarter of 2023, cost optimization initiatives discussed above.

we expect technology investments to remain elevated to drive future growth. We anticipate continued cost deflation and the benefits of our cost optimization work to support our operating income rate in fiscal 2024.

Adjusted Financial Information

In addition to our results provided in accordance with GAAP above and throughout this Quarterly Report on Form 10-Q, provided below are non-GAAP **measurements** which **measures that** present Net Income and Net Income Per Diluted Share for the **third first** quarter of **and year-to-date** 2023 on an adjusted basis to remove **a** certain special **items recorded in 2023, item**. We believe that **these this** special **items are item is** not indicative of our operations due to **their its** size and nature. We did not make any adjustments to our **reported** results in the **third first** quarter of **or year-to-date** 2022. 2024.

We use adjusted financial information as key performance measures for the purpose of evaluating performance internally. These non-GAAP **measurements measures** are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definitions of adjusted financial information may differ from similarly titled measures used by other companies.

The table below reconciles **the third quarter of and year-to-date** 2023 **our** GAAP financial measures to **the our** non-GAAP financial measures:

(in millions, except per share amounts)	(in millions, except per share amounts)	Third Quarter	Year-to-Date
(in millions, except per share amounts)			
(in millions, except per share amounts)			
		2024	
		2024	
		2024	
<u>Reconciliation of Reported Net Income to Adjusted Net Income</u>			
<u>Reconciliation of Reported Net Income to Adjusted Net Income</u>			
<u>Reconciliation of Reported Net Income to Adjusted Net Income</u>			
<u>Reconciliation of Reported Net Income to Adjusted Net Income</u>			
Reported Net Income	Reported Net Income	\$ 119	\$ 299
Gain on Extinguishment of Debt (a)	Gain on Extinguishment of Debt (a)	(12)	(28)
Gain on Extinguishment of Debt (a)			
Gain on Extinguishment of Debt (a)			
Tax Effect of Gain on Extinguishment of Debt (a)			
Tax Effect of Gain on Extinguishment of Debt (a)			
Tax Effect of Gain on Extinguishment of Debt (a)	Tax Effect of Gain on Extinguishment of Debt (a)	3	7
Adjusted Net Income	Adjusted Net Income	\$ 110	\$ 278
Adjusted Net Income			
Adjusted Net Income			
<u>Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u>			
<u>Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u>			
<u>Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u>			

Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share				
Reported Net Income Per Diluted Share	Reported Net Income Per Diluted Share	\$0.52	\$1.31	
Gain on Extinguishment of Debt (a)	Gain on Extinguishment of Debt (a)	(0.05)	(0.12)	
Gain on Extinguishment of Debt (a)				
Gain on Extinguishment of Debt (a)				
Tax Effect of Gain on Extinguishment of Debt (a)				
Tax Effect of Gain on Extinguishment of Debt (a)				
Tax Effect of Gain on Extinguishment of Debt (a)	Tax Effect of Gain on Extinguishment of Debt (a)	0.01	0.03	
Adjusted Net Income Per Diluted Share	Adjusted Net Income Per Diluted Share	\$0.48	\$1.21	
Adjusted Net Income Per Diluted Share				
Adjusted Net Income Per Diluted Share				

(a) In the **third first** quarter of **and year-to-date** 2023, we recognized **a** pre-tax **gains gain** of **\$12 million \$7 million** (after-tax gain of **\$9 million**) and **\$28 million (after-tax gain of \$21 million \$5 million)**, respectively, related to the repurchase and extinguishment of outstanding notes. For additional information, see Note 7, "Long-term Debt and Borrowing Facility" included in Part I, Item 1. Financial Statements.

Company-Operated Company-operated Store Data

The following table compares Company-operated U.S. store data for the **third first** quarters of **2024** and **year-to-date 2023 and 2022; 2023**:

		Third Quarter			Year-to-Date		
		2023	2022	% Change	2023	2022	% Change
		First Quarter					
		First Quarter					
		First Quarter					
		2024					
		2024					
		2024					
Sales per Average Selling Square Foot (a)							
Sales per Average Selling Square Foot (a)							
Sales per Average Selling Square Foot (a)	Sales per Average Selling Square Foot (a) \$	226	\$ 240	(6 %)	\$ 656	\$ 701	(6 %)
Sales per Average Store (in thousands) (a)	Sales per Average Store (in thousands) (a)	\$ 634	\$ 660	(4 %)	\$ 1,837	\$ 1,920	(4 %)
Sales per Average Store (in thousands) (a)							
Sales per Average Store (in thousands) (a)							

Average Store Size (selling square feet)				
Average Store Size (selling square feet)				
Average Store Size (selling square feet)	Average Store Size (selling square feet)	2,817	2,764	2 %
Total Selling Square Feet (in thousands)	Total Selling Square Feet (in thousands)	4,879	4,646	5 %
Total Selling Square Feet (in thousands)				
Total Selling Square Feet (in thousands)				

- (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 selling square footage and store count, respectively.

The following table represents Company-operated store data for **year-to-date 2023**; **the first quarter of 2024**:

		Stores			Stores		
		January 28, 2023			October 28, 2023		
		Opened	Closed		Opened	Closed	
Stores		February 3, 2024			Stores		
		February 3, 2024			Opened		
					Closed		
					May 4, 2024		
United States	United States	1,693	70	(31)	1,732		
Canada	Canada	109	2	—	111		
Total	Total	1,802	72	(31)	1,843		

Partner-Operated

Partner-operated Store Data

The following table represents **partner-operated** **Partner-operated** store data for **year-to-date 2023**; **the first quarter of 2024**:

		Stores			Stores		
		January 28, 2023			October 28, 2023		
		Opened	Closed		Opened	Closed	
Stores		February 3, 2024			Stores		
		February 3, 2024			Opened		
					Closed		
					May 4, 2024		
International	International	401	39	(10)	430		
International - Travel Retail	International - Travel Retail	26	2	—	28		
Total International	Total International	427	41	(10)	458		

Results of Operations

Third First Quarter of 2023 2024 Compared to **Third First Quarter of 2022 2023**

Net Sales

The following table provides Net Sales for the **third first** quarter of **2023 2024** in comparison to the **third first** quarter of **2022 2023**:

		2023	2022	% Change
		(in millions)		
Stores - U.S. and Canada		\$1,168	\$1,178	(1 %)

2024		2024		2023		% Change
(in millions)				(in millions)		
Stores - U.S. and Canada (a)						
		\$ 1,065		\$ 1,034		3.0 %
Direct - U.S. and Canada	Direct - U.S. and Canada					
	Canada	317	345	(8 %)		
			261	280		
International (a)		77	81	(5 %)		
International (b)	International (b)					
			58		82	(29.3 %)
Total Net Sales	Total Net Sales					
		\$ 1,562	\$1,604	(3 %)		
		\$ 1,384	\$ 1,396	(0.9 %)		(0.9 %)

(a) Results include fulfilled buy online-pick up in store ("BOPIS") orders.

(b) Results include royalties associated with franchised stores and wholesale sales.

The following table provides a reconciliation of Net Sales for For the third first quarter of 2023 to the third quarter of 2022:

	(in millions)
2022 Net Sales	\$ 1,604
Comparable Store Sales	(68)
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	59
Direct Channels	(28)
International Wholesale, Royalty and Other	(4)
Foreign Currency Translation	(1)
2023 Net Sales	\$ 1,562

For the third quarter of 2023, 2024, Net Sales decreased \$42 million \$12 million, to \$1.562 billion \$1.384 billion, compared to the third first quarter of 2022, 2023. The decline was primarily due to International Net Sales, which decreased \$24 million or 29.3%, driven by a decline in wholesale shipments to our franchise partners, primarily in the Middle East, as they continue to manage their inventory levels. North American Net Sales benefited by approximately 200 basis points from the shifted fiscal calendar resulting from the 53rd week in fiscal 2023, which was offset by a decrease in average dollar sale as we continue to see customers carefully manage their spending.

Direct Net Sales decreased in the stores channel by \$10 million \$19 million, or 1% 6.8%, due to a decline in average dollar sale, partially offset by Net Sales from new store growth. Direct Net Sales decreased \$28 million, or 8%, due to a decline in fulfilled orders, which was partially due to our customers continuing to select our buy online-pick up in store ("BOPIS") BOPIS option (which is recognized as store Net Sales) as we . We completed our rollout of BOPIS capabilities to our U.S. stores in the first quarter of 2023. International Net Sales decreased \$4 million increased in the stores channel by \$31 million, or 5% 3.0%, primarily due to lower new store growth, an increase in BOPIS orders, and shipments, the benefit of the shifted fiscal calendar, partially offset by new stores opened by our partners.

In terms of category performance, Net Sales the decline in candles and sanitizers both declined compared to the third quarter of 2022 driven by category normalization following the COVID-19 pandemic. Both soaps and wallflowers increased compared to the third quarter of 2022. Body care was approximately flat compared to the third quarter of 2022, as growth in our men's business and fine fragrance mist was offset by declines in wellness and travel.

average dollar sale.

Gross Profit

For the third first quarter of 2023, 2024, our Gross Profit increased \$4 million \$10 million to \$682 million \$606 million, and our Gross Profit rate (expressed as a percentage of Net Sales) increased to 43.6% 43.8% from 42.2% 42.7% in the first quarter of 2023. Gross Profit dollars and rate increased primarily due to a 200-basis point an increase in our merchandise margin rate, which increased approximately 110 basis points driven by approximately \$40 million a lower mix of deflation in our cost structure, International Net Sales and lower product costs and reduced transportation costs, partially offset by our continued investment a modest decline in product formulations and packaging innovation. The improvement in merchandise margin was partially offset by increased Buying and Occupancy Expense average unit retails as we leveraged promotions to help drive traffic, primarily due to new store growth.

The Gross Profit rate increase was driven by the increase in the merchandise margin rate due to first half of the factors discussed above, partially offset by the Buying and Occupancy Expense deleverage due to lower Net Sales and increased occupancy expenses, first quarter.

General, Administrative and Store Operating Expenses

The following table provides detail for our General, Administrative and Store Operating Expenses for the third first quarter of 2023 2024 compared to the third first quarter of 2022: 2023:

		2023		2022		Change			
		(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales		
2024								2024	
		(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales
Selling Expenses	Selling Expenses	\$ 283	18.1 %	\$ 300	18.7 %	\$ (17)	(0.6 %)	\$247	17.8 %
Home Office and Marketing Expenses	Home Office and Marketing Expenses	178	11.4 %	176	11.0 %	2	0.4 %	172	12.5 %
Total	Total	\$ 461	29.5 %	\$ 476	29.7 %	\$ (15)	(0.2 %)	\$419	30.3 %

For the third first quarter of 2023, 2024, our General, Administrative and Store Operating Expenses decreased \$15 million increased \$4 million to \$461 million \$419 million, and the rate (expressed as a percentage of Net Sales) decreased increased to 29.5% 30.3% from 29.7%, in the first quarter of 2023. Our Selling Expenses decreased primarily due to our cost optimization work related to efficiency in store labor and selling productivity, reduced expense as we optimized our call center and the decline in Net Sales. Our Home Office Expenses increased primarily due to higher technology expense, principally related to IT separation costs as well as strategic investments to drive future growth, increases in associate wages and BOPIS fees, partially offset by severance and related charges the benefits of approximately \$6 million recognized our cost optimization work. Increases in marketing expenses, primarily due to additional spend to drive customer acquisition, were offset by decreases in home office expenses, primarily due to discrete corporate expenses in the third quarter of 2022. prior year.

The General, Administrative and Store Operating Expense rate decreased increased primarily due to our investments in marketing and the increase in associate wages, partially offset by the benefits of our cost optimization work related to Selling Expenses, partially offset by our investments in technology as well as deleverage on lower Net Sales, and lapping discrete corporate expenses from prior year.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the third first quarters of 2023 2024 and 2022: 2023:

		2023	2022		
2024				2024	2023
Average daily borrowings (in millions)	Average daily borrowings (in millions)	\$4,658	\$4,915		
Average borrowing rate	Average borrowing rate	7.4 %	7.1 %	7.3 %	7.3 %

For the third first quarter of 2023, 2024, our Interest Expense was \$84 million \$82 million, compared to \$86 million \$89 million in the third first quarter of 2022. Our 2023. The decrease was due to lower average daily borrowings, which were driven by the repurchase and early extinguishment of outstanding notes, were partially offset by a higher average borrowing rate. notes.

Other Income

For the third first quarter of 2023, 2024, our Other Income was \$22 million \$13 million, compared to \$20 million in the first quarter of 2023. The decrease was primarily due to the recognition of a \$1 million pre-tax gains loss on extinguishment of \$12 million associated with debt in the repurchase and early extinguishments first quarter of outstanding notes and interest income 2024 compared to a \$7 million pre-tax gain on cash balances. extinguishment of debt in the first quarter of 2023.

Provision for Income Taxes

For the third first quarter of 2023, 2024, our effective tax rate was 25.3% 26.8% compared to 23.3% 27.7% in the third first quarter of 2022, 2023. The 2024 and 2023 third quarter rate was consistent with our combined estimated federal and state statutory rates. The 2022 third first quarter rate was rates were higherlower than our combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the quarter.

Results of Operations

Year-to-Date 2023 Compared to Year-to-Date 2022

For year-to-date 2023, Operating Income decreased \$135 million to \$589 million, from \$724 million year-to-date 2022, and the Operating Income rate (expressed as a percentage of Net Sales) decreased to 13.0% from 15.5%. The drivers of the year-to-date Operating Income results are discussed in the following sections.

Net Sales

The following table provides Net Sales for year-to-date 2023 in comparison to year-to-date 2022:

	2023	2022	% Change
	(in millions)		
Stores - U.S. and Canada	\$ 3,345	\$ 3,398	(2 %)
Direct - U.S. and Canada	926	1,030	(10 %)
International (a)	246	244	1 %
Total Net Sales	\$ 4,517	\$ 4,672	(3 %)

(a) Results include royalties associated with franchised stores and wholesale sales.

The following table provides a reconciliation of Net Sales for year-to-date 2023 to year-to-date 2022:

	(in millions)
2022 Net Sales	\$ 4,672
Comparable Store Sales	(188)
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	143
Direct Channels	(104)
International Wholesale, Royalty and Other	2
Foreign Currency Translation	(8)
2023 Net Sales	\$ 4,517

For year-to-date 2023, Net Sales decreased \$155 million, to \$4.517 billion, compared to year-to-date 2022. Net Sales decreased in the stores channel by \$53 million, or 2%, due to a decline in average dollar sale, partially offset by Net Sales from new store growth. Direct Net Sales decreased \$104 million, or 10%, due to a decline in orders, which was partially due to our customers continuing to select our BOPIS option (which is recognized as store Net Sales) as we completed our rollout of BOPIS capabilities to our U.S. stores in the first quarter of 2023. International Net Sales increased by \$2 million, or 1%, primarily due to new stores opened by our partners.

In terms of category performance, Net Sales in candles, sanitizers and soaps declined compared to year-to-date 2022 driven by category normalization following the COVID-19 pandemic. Though total body care Net Sales decreased slightly compared to year-to-date 2022, Net Sales in our men's business increased during the period.

Gross Profit

For year-to-date 2023, our Gross Profit decreased \$107 million to \$1.899 billion, and our Gross Profit rate (expressed as a percentage of Net Sales) decreased to 42.0% from 42.9%. Gross Profit decreased due to the decline in Net Sales and an increase in occupancy expenses primarily associated with store growth. These decreases were partially offset by an increase in our merchandise margin rate driven by deflation in our cost structure, lower product costs, reduced transportation costs and slightly increased average unit retail, partially offset by our continued investment in product formulations and packaging innovation.

The Gross Profit rate decline was driven by increased occupancy expenses and Buying and Occupancy Expense deleverage due to lower Net Sales, partially offset by the increase in the merchandise margin rate due to the factors discussed above.

General, Administrative and Store Operating Expenses

The following table provides detail for our General, Administrative and Store Operating Expenses for year-to-date 2023 compared to year-to-date 2022:

	2023		2022		Change	
	(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales
Selling Expenses	\$ 779	17.2 %	\$ 814	17.4 %	\$ (35)	(0.2 %)
Home Office and Marketing Expenses	531	11.8 %	468	10.0 %	63	1.8 %
Total	\$ 1,310	29.0 %	\$ 1,282	27.4 %	\$ 28	1.6 %

For year-to-date 2023, our General, Administrative and Store Operating Expenses increased \$28 million to \$1.310 billion, and the rate (expressed as a percentage of Net Sales) increased to 29.0% from 27.4%. Our Home Office Expenses increased primarily due to higher technology **accrued interest** expense principally related to **IT** separation costs as well as strategic investments to drive future growth, and other corporate expenses. Our Selling Expenses decreased primarily due to our cost optimization work related to efficiency in store labor and selling productivity, reduced expense as we optimized our call center and the decline in Net Sales.

The General, Administrative and Store Operating Expense rate increased primarily due to our investments in technology as well as deleverage on lower Net Sales, partially offset by the benefits of our cost optimization work related to Selling Expenses.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for year-to-date 2023 and 2022:

	2023	2022
Average daily borrowings (in millions)	\$ 4,774	\$ 4,915
Average borrowing rate	7.3 %	7.1 %

For year-to-date 2023, our Interest Expense was \$259 million, compared to \$262 million for year-to-date 2022. Our lower average daily borrowings, which were driven by the repurchase and early extinguishment of outstanding notes, were partially offset by a higher average borrowing rate.

Other Income

For year-to-date 2023, our Other Income was \$68 million, primarily due to interest income on cash balances and pre-tax gains of \$28 million associated with the repurchase and early extinguishments of outstanding notes.

Provision for Income Taxes

For year-to-date 2023, our effective **unrecognized** tax rate was 24.9% compared to 21.9% for year-to-date 2022. The 2023 year-to-date rate was consistent with our combined estimated federal and state statutory rates. The 2022 year-to-date rate was lower than our combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the period. **benefits.**

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, future common stock and debt repurchases, and capital expenditures. Our cash provided from operations is impacted by our net income and working capital changes. Our net income is impacted by, among other things, sales volume, seasonal sales patterns, success of new product introductions and product **and market** expansions, profit margins, income taxes and inflationary pressures. Historically, our sales are **higher highest** 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. Our cash and cash equivalents held by foreign subsidiaries were **\$79 million \$106 million** as of **October 28, 2023 May 4, 2024**.

During **year-to-date 2023, the first quarter of 2024**, we repurchased and extinguished **\$373 million \$109 million** principal amount of our outstanding senior notes for an aggregate price of **\$343 million \$110 million**. Additionally, we **also** repurchased **2,765 thousand 2.171 million** shares of our common stock for **\$100 million \$99 million**. We may, from time to time, repurchase, or otherwise retire, additional debt or shares of our common stock, as applicable.

We believe that our current cash position, our cash flow generated from operations and our borrowing capacity under our asset-backed revolving credit facility ("ABL Facility") will be sufficient to meet our liquidity needs, including capital expenditure requirements, for at least the next twelve months.

Working Capital and Capitalization

The following table provides a summary of our working capital position and capitalization as of October 28, 2023, January 28, 2023 and October 29, 2022:

	October 28, 2023	January 28, 2023	October 29, 2022
	(in millions)		
Net Cash Provided by Operating Activities (a)	\$ 28	\$ 1,144	\$ 67
Capital Expenditures (a)	250	328	252
Working Capital	550	887	496
Capitalization:			
Long-term Debt	4,497	4,862	4,860
Shareholders' Equity (Deficit)	(2,125)	(2,206)	(2,609)
Total Capitalization	\$ 2,372	\$ 2,656	\$ 2,251
Amounts Available Under the ABL Facility (b)	\$ 740	\$ 509	\$ 734

(a) The January 28, 2023 amounts represent a fifty-two-week period, and the October 28, 2023 and October 29, 2022 amounts represent thirty-nine-week periods.

(b) As of both October 28, 2023 and October 29, 2022, our borrowing base exceeded the aggregate commitments. Our borrowing base was \$525 million as of January 28, 2023. We had outstanding letters of credit, which reduce our availability under the ABL Facility, of \$10 million as of October 28, 2023, and \$16 million as of both January 28, 2023 and October 29, 2022.

Cash Flows

The following table provides a summary of our cash flow activity during year-to-date 2023 the first quarters of 2024 and 2022: 2023:

		2023	2022
		(in millions)	
	2024	2024	
	(in millions)	2023	
		(in millions)	
Cash and Cash Equivalents, Beginning of Year	Cash and Cash Equivalents, Beginning of Year	\$1,232	\$1,979
Net Cash Flows Provided by Operating Activities	Net Cash Flows Provided by Operating Activities	28	67
Net Cash Flows Used for Investing Activities	Net Cash Flows Used for Investing Activities	(239)	(252)
Net Cash Flows Used for Financing Activities	Net Cash Flows Used for Financing Activities	(609)	(1,499)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	Effects of Exchange Rate Changes on Cash and Cash Equivalents	—	—
Net Decrease in Cash and Cash Equivalents	Net Decrease in Cash and Cash Equivalents	(820)	(1,684)
Cash and Cash Equivalents, End of Period	Cash and Cash Equivalents, End of Period	\$ 412	\$ 295

Operating Activities

Net cash provided by operating activities for year-to-date 2023 in the first quarter of 2024 was \$28 million \$76 million, including net income of \$299 million \$87 million. Net income included depreciation of \$199 million, \$71 million and share-based compensation expense of \$29 million and pre-tax gains on extinguishment of debt of \$28 million \$12 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were the seasonal changes in Inventories, (and related increases in Accounts Payable), as we build our inventory levels in anticipation of the holiday season, which generates a substantial portion of our operating cash flow for the year, Receivable and Income Taxes Accounts Payable, due to seasonal tax payments. Accrued Expenses and Other.

Net cash provided by operating activities for year-to-date 2022 in the first quarter of 2023 was \$67 million \$44 million, including net income of \$366 million \$81 million. Net income included depreciation of \$162 million and \$63 million, share-based compensation expense of \$26 million \$7 million and a pre-tax gain on extinguishment of debt of \$7 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were the seasonal changes in Inventories (and related increases in Accounts Payable), as we build our inventory levels in anticipation of the holiday season, which generates a substantial portion of our operating cash flow for the year, Payable, Accrued Expenses and Income Taxes Payable due to seasonal tax payments. Other, Accounts Receivable and Inventories.

Investing Activities

Net cash used for investing activities in the first quarter of 2024 was \$46 million related to capital expenditures. The capital expenditures included approximately \$35 million related to new, primarily off-mall, stores and remodels of existing stores.

Net cash used for year-to-date investing activities in the first quarter of 2023 was \$239 million \$94 million, primarily related to capital expenditures. The capital expenditures included approximately \$125 million \$40 million related to new, off-mall stores and remodels of existing stores, and approximately \$75 million \$35 million for various IT projects primarily supporting the separation of our IT systems from Victoria's Secret and approximately \$35 million related to distribution and logistics capabilities. Secret's systems.

Net cash used for investing activities for year-to-date 2022 was \$252 million related to capital expenditures. The capital expenditures included approximately \$130 million related to new, off-mall stores and remodels of existing stores. The remaining capital expenditures were primarily related to In 2024, our new Company-operated direct channel fulfillment center and IT projects.

We top priority remains driving sustainable, long-term, profitable growth through investments in the business. To support this, we continue to plan for approximately a total of \$300 million to \$350 million of \$325 million in capital expenditures in 2023, focused on investments to support long-term growth. We are prioritizing during the year, and our priorities remain investments in select remodels to the White Barn store design brick-and-mortar stores and new off-mall store openings. We are also investing in our technology, distribution and logistics capabilities to better serve our customers. technology.

Financing Activities

Net cash used for financing activities for year-to-date 2023 in the first quarter of 2024 was \$609 million \$259 million, primarily consisting of \$343 million \$110 million for open market debt repurchases, \$96 million for share repurchases, dividend payments of \$0.60 \$0.20 per share, or \$137 million \$45 million, \$99 million for share repurchases and \$10 million \$7 million of tax payments related to share-based awards.

Net cash used for financing activities for year-to-date 2022 in the first quarter of 2023 was \$1.499 billion \$135 million, primarily consisting of \$1.312 billion in payments \$74 million for share open market debt repurchases, including the payment of \$1 billion related to our accelerated share repurchase program, dividend payments of \$0.60 \$0.20 per share, or \$140 million \$46 million, and \$32 million \$8 million of tax payments related to share-based awards.

Common Stock and Debt Repurchases

Our Board of Directors (our "Board") will determine share and debt repurchase authorizations, giving consideration to our levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements as well as financial and other conditions existing at the time. We use cash flow generated from operating and financing activities to fund our share and debt repurchase programs. The timing and amount of any repurchases will be made at our discretion, taking into account a number of factors, including market conditions.

Common Stock Repurchases

2022 Share Repurchase Program

In February 2022, our Board authorized a \$1.5 billion share repurchase program (the "February 2022 Program"). We did not repurchase any shares of our common stock under the February 2022 Program during the first quarter of 2023.

Under the February 2022 Program, we repurchased the following shares of our common stock during year-to-date 2023: the first quarter of 2024:

Repurchase Program	Repurchase Program	Amount Authorized	Shares Repurchased	Amount Repurchased	Average Stock Price
		(in millions)	(in thousands)	(in millions)	
Repurchase Program					
Repurchase Program					
		(in thousands)			
		(in thousands)			
		(in thousands)			
February 2022					
February 2022					
February 2022	February 2022	\$ 1,500	2,765	\$ 100	\$ 36.16

The February 2022 Program had \$88 million of no remaining authority as of October 28, 2023 May 4, 2024. There were share repurchases of \$1 million reflected in Accounts Payable on the October 28, 2023 February 3, 2024 Consolidated Balance Sheet. Subsequent to October 28, 2023 through December 1, 2023,

2024 Share Repurchase Program

In January 2024, our Board authorized a new \$500 million share repurchase program (the "January 2024 Program"). Under the January 2024 Program, we repurchased an additional 569 thousand the following shares of our common stock for \$17 million under during the February 2022 Program. first quarter of 2024:

Repurchase Program	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in thousands)	(in millions)	

January 2024	1,329	\$	60	\$	45.32
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The January 2024 Program had \$440 million of remaining authority as of May 4, 2024. There were share repurchases of \$5 million reflected in Accounts Payable on the May 4, 2024 Consolidated Balance Sheet.

Dividend Policy and Procedures

Our Board will determine future dividends after giving consideration to our levels of profit and cash flow, capital requirements, current and forecasted liquidity, the restrictions placed upon us by our borrowing arrangements as well as financial and other conditions existing at the time. We use cash flow generated from operating and financing activities to fund our dividends.

We paid the following dividends during year-to-date 2023 the first quarters of 2024 and 2022: 2023:

	Ordinary Dividends		Total Paid	
	(per share)		(in millions)	
2023				
First Quarter	\$	0.20	\$	46
Second Quarter		0.20		46
Third Quarter		0.20		45
Total	\$	0.60	\$	137
2022				
First Quarter	\$	0.20	\$	48
Second Quarter		0.20		46
Third Quarter		0.20		46
Total	\$	0.60	\$	140

	Ordinary Dividends		Total Paid	
	(per share)		(in millions)	
2024				
First Quarter	\$	0.20	\$	45
2023				
First Quarter	\$	0.20	\$	46

In November 2023, May 2024, we declared our fourth second quarter 2023 2024 ordinary dividend of \$0.20 per share payable on December 1, 2023 June 21, 2024 to stockholders of record at the close of business on November 17, 2023 June 7, 2024.

Long-term Debt and Borrowing Facility

The following table provides our outstanding Long-term Debt balance, net of unamortized debt issuance costs and discounts, as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024 and October 29, 2022 April 29, 2023:

		October 28, 2023	January 28, 2023	October 29, 2022
		(in millions)		
	May 4, 2024	May 4, 2024		April 29, 2023
	(in millions)			(in millions)
<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>			

\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	\$	312	\$	317	\$	317
\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")							
\$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")							
\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")		286		283		283
\$486 million, 5.250% Fixed Interest Rate Notes due February 2028 ("2028 Notes")							
\$500 million, 7.500% Fixed Interest Rate Notes due June 2029 ("2029 Notes")							
\$958 million, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")							
\$861 million, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")							
\$614 million, 6.750% Fixed Interest Rate Notes due July 2036 ("2036 Notes")							
\$451 million, 5.250% Fixed Interest Rate Notes due February 2028 ("2028 Notes")							

\$493 million, 7.500% Fixed Interest Rate Notes due June 2029 ("2029 Notes")				
\$900 million, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")				
\$806 million, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")				
\$575 million, 6.750% Fixed Interest Rate Notes due July 2036 ("2036 Notes")				
Total Senior Debt with Subsidiary Guarantee	Total Senior Debt with Subsidiary Guarantee	\$3,987	\$4,267	\$4,265
<u>Senior Debt</u>	<u>Senior Debt</u>			
\$311 million, 6.950% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")				
		\$ 310	\$ 349	\$ 349
\$284 million, 6.950% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")				
\$284 million, 6.950% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")				
\$284 million, 6.950% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")				

\$201 million, 7.600% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	\$201 million, 7.600% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	200	246	246
Total Senior Debt	Total Senior Debt	510	595	595
Total Long-term Debt	Total Long-term Debt	\$4,497	\$4,862	\$4,860

Repurchases of Notes

During the **third** first quarter of 2024, we repurchased in the open market and **year-to-date** extinguished \$109 million principal amount of our outstanding senior notes. The aggregate repurchase price for these notes was \$110 million, resulting in a pre-tax loss of \$1 million, including the write-off of unamortized issuance costs. This loss is included in Other Income in the first quarter of 2024 Consolidated Statement of Income.

During the first quarter of 2023, we repurchased in the open market and extinguished \$174 million and \$373 million \$84 million principal amounts amount of our outstanding senior notes, respectively. notes. The aggregate repurchase prices price for these notes were \$161 million and \$343 million for the third quarter of and year-to-date 2023, respectively, was \$76 million, resulting in a pre-tax gains gain of \$12 million and \$28 million \$7 million, net of including the write-off of unamortized issuance costs, during the third quarter of and year-to-date 2023, respectively. These gains are costs. This gain is included in Other Income in the first quarter of 2023 Consolidated Statements Statement of Income.

There were \$2 million of repurchases reflected in Accounts Payable on the April 29, 2023 Consolidated Balance Sheet.

The following table provides details of the outstanding principal amount of senior notes repurchased and extinguished during the **third quarter** first quarters of 2024 and year-to-date 2023:

	Third Quarter	Year-to-Date
	(in millions)	
2025 Notes	\$ —	\$ 6
2028 Notes	14	14
2030 Notes	35	42
2033 Notes	31	39
2035 Notes	78	139
2036 Notes	3	86
2037 Notes	13	47
Total	\$ 174	\$ 373

Subsequent to October 28, 2023 through December 1, 2023, we repurchased in the open market and extinguished \$93 million principal amount of our outstanding senior notes for an aggregate repurchase price of \$86 million.

	First Quarter	
	2024	2023
	(in millions)	
2025 Notes	\$ —	\$ 6
2028 Notes	10	—
2029 Notes	7	—
2030 Notes	38	2
2033 Notes	10	3
2035 Notes	6	14
2036 Notes	38	57
2037 Notes	—	2
Total	\$ 109	\$ 84

Asset-backed Revolving Credit Facility

We and certain of our 100% owned subsidiaries guarantee and pledge collateral to secure **our** the ABL Facility. The ABL Facility, which allows borrowings and letters of credit in U.S. dollars or Canadian dollars, has aggregate commitments of \$750 million and an expiration date in August 2026.

In the second quarter of 2023, we amended our ABL Facility to replace the LIBOR-based rate with a SOFR-based rate as the interest rate benchmark on U.S. dollar borrowings. This amendment made no other material changes to the terms of the ABL Facility.

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, accounts receivable, inventory and eligible real property, or (ii) the aggregate commitment. If at any time the outstanding amount under the ABL Facility exceeds the lesser of (i) the borrowing base and (ii) the aggregate commitment, we are required to repay the outstanding amounts under the ABL Facility to the extent of such excess. As of **October 28, 2023** **May 4, 2024**, our borrowing base was **\$1.169 billion** **\$656 million**, and we had no borrowings outstanding under the ABL Facility.

The ABL Facility supports our letter of credit program. We had \$10 million of outstanding letters of credit as of **October 28, 2023** **May 4, 2024** that reduced our availability under the ABL Facility. As of **October 28, 2023** **May 4, 2024**, our availability under the ABL Facility was **\$740 million** **\$646 million**.

As of **October 28, 2023** **May 4, 2024**, the ABL Facility fees related to committed and unutilized amounts were 0.30% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was the **Term SOFR term Secured Overnight Financing Rate** plus 1.25% and a credit spread adjustment of 0.10% per annum. The interest rate on **outstanding** Canadian dollar-denominated borrowings **was** is presently set to the Canadian Dollar Offered Rate plus 1.25% per annum. **Due to the phase-out of the Canadian Dollar Offered Rate, Canadian dollar-denominated borrowings outstanding on or after June 30, 2024 will accrue at the Canadian Prime Rate plus 0.25% per annum.**

The ABL Facility requires us to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (i) \$70 million or (ii) 10% of the maximum borrowing amount. As of **October 28, 2023** **May 4, 2024**, we were not required to maintain this ratio.

Credit Ratings

The following table provides our credit ratings as of **October 28, 2023** **May 4, 2024**:

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

Guarantor Summarized Financial Information

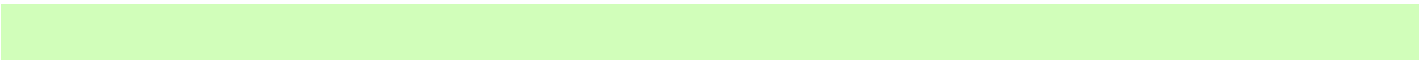
Certain of our subsidiaries, which are listed on Exhibit 22 to this Quarterly Report on Form 10-Q, have guaranteed our obligations under the 2025 Notes, 2027 Notes, 2028 Notes, 2029 Notes, 2030 Notes, 2035 Notes and 2036 Notes (collectively, the "Notes").

The Notes have been issued by Bath & Body Works, Inc. (the "Parent Company"). The Notes are its senior unsecured obligations and rank equally in right of payment with all of our existing and future senior unsecured obligations, are senior to any of our future subordinated indebtedness, are effectively subordinated to all of our existing and future indebtedness that is secured by a lien and are structurally subordinated to all existing and future obligations of each of our subsidiaries that do not guarantee the Notes.

The Notes are fully and unconditionally guaranteed on a joint and several basis by certain of our wholly-owned subsidiaries, including certain subsidiaries that also guarantee our obligations under our ABL Facility (such guarantees, the "Guarantees"; and, such guaranteeing subsidiaries, the "Subsidiary Guarantors"). The Guarantees of the Subsidiary Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions. Each Guarantee is limited, by its terms, to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor subject to avoidance under applicable fraudulent conveyance provisions of U.S. and non-U.S. law.

The following tables set forth summarized financial information for the Parent Company and the Subsidiary Guarantors on a combined basis after elimination of (i) intercompany transactions and balances among the Parent Company and the Subsidiary Guarantors and (ii) investments in and equity in the earnings of non-Guarantor subsidiaries.

SUMMARIZED BALANCE SHEETS		October 28,		January 28,	
		2023		2023	
		(in millions)			
ASSETS					
Current Assets (a)		\$	2,347	\$	2,642
Noncurrent Assets (b)			2,597		2,561
LIABILITIES					
Current Liabilities (c)		\$	3,000	\$	3,084
Noncurrent Liabilities			5,814		6,143



SUMMARIZED BALANCE SHEETS		May 4,		February 3,	
		2024		2024	
		(in millions)			
ASSETS					
Current Assets (a)		\$	2,326	\$	2,545
Noncurrent Assets			2,532		2,554
LIABILITIES					
Current Liabilities (b)		\$	2,428	\$	2,935
Noncurrent Liabilities			5,530		5,650

- (a) Includes amounts due from non-Guarantor subsidiaries of \$596 \$626 million and \$589 \$622 million as of October 28, 2023 May 4, 2024 and January 28, 2023 February 3, 2024, respectively.
- (b) Includes amounts due from non-Guarantor subsidiaries of \$40 million as of January 28, 2023.
- (c) Includes amounts due to non-Guarantor subsidiaries of \$1.860 \$1.443 billion and \$1.987 \$1.905 billion as of October 28, 2023 May 4, 2024 and January 28, 2023 February 3, 2024, respectively.

YEAR-TO-DATE 2023 FIRST QUARTER OF 2024 SUMMARIZED STATEMENT OF INCOME	(in millions)	
Net Sales (a)	\$	4,436 1,315
Gross Profit		1,761 564
Operating Income		527 173
Income Before Income Taxes		323 102
Net Income (b)		235 73

- (a) Includes net sales of \$248 \$32 million to non-Guarantor subsidiaries.
- (b) Includes a net loss of \$14 \$1 million related to transactions with non-Guarantor subsidiaries.

Contingent Liabilities and Contractual Obligations

Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co. and the disposal of a certain other business, we had remaining contingent obligations of \$267 million \$258 million as of October 28, 2023 May 4, 2024 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. These obligations include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of these businesses. Our reserves related to these obligations were not significant for any period presented.

Contractual Obligations

Our contractual obligations primarily consist of long-term debt and the related interest payments, operating leases, purchase orders for merchandise inventory and other long-term obligations. These contractual obligations impact our short-term and long-term liquidity and capital resource needs. Other than the repurchase of \$373 million \$109 million principal amount of our outstanding senior notes through year-to-date 2023, during the first quarter of 2024, there have been no material changes in our contractual obligations subsequent to January 28, 2023 February 3, 2024, as discussed in "Contingent Liabilities and Contractual Obligations" in our 2022 2023 Annual Report on Form 10-K. Certain of our contractual obligations may fluctuate during the normal course of business (primarily changes in our merchandise inventory-related purchase obligations which fluctuate throughout the year as a result of the seasonal nature of our business).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures*, that expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance, and applies to companies with a single reportable segment. The standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We did not adopt any new accounting standards year-to-date 2023 that had a material are currently evaluating the impact of adopting this standard on our consolidated results disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, that requires enhanced income tax disclosures, primarily related to standardization and disaggregation of operations, financial position rate reconciliation categories and income taxes paid by jurisdiction. This standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted.

and may be applied either prospectively or cash flows. In addition, as retrospectively. We are currently evaluating the impact of December 1, 2023, there were no new accounting standards that we have not yet adopted that are expected to have a material impact adopting this standard on our consolidated results of operations, financial position or cash flows. disclosures.

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, valuation of long-lived store assets, claims and contingencies, income taxes and revenue recognition, including revenue associated with our loyalty program. Management bases our estimates and judgments on historical experience and various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates.

There have been no material changes to the critical accounting policies and estimates disclosed in our 2022 2023 Annual Report on Form 10-K.

Item 3. 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.

Foreign Exchange Rate Risk

Our Canadian dollar denominated earnings are subject to exchange rate risk as substantially all our merchandise sold in Canada is sourced through U.S. dollar transactions. Although we utilize foreign currency forward contracts to partially offset risks associated with our operations in Canada, 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 objectives of our investment activities is are the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Our investment portfolio is primarily composed of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and 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.

All of our Long-term Debt as of October 28, 2023 May 4, 2024 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. Our exposure to interest rate changes is limited to the fair value of the debt issued, which 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 Long-term Debt as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024 and October 29, 2022 April 29, 2023:

		October 28, 2023	January 28, 2023	October 29, 2022
		(in millions)		
		May 4, 2024	May 4, 2024	February 3, 2024
		(in millions)		
Principal Value	Principal Value	\$4,542	\$4,915	\$4,915
Fair Value, Estimated (a)	Fair Value, Estimated (a)	4,122	4,707	4,367

(a) The estimated fair values are based on reported transaction prices and are not necessarily indicative of the amounts that we could realize in a current market exchange.

As of **October 28, 2023** **May 4, 2024**, we believe that the carrying values of our Accounts Receivable, Accounts Payable and Accrued Expenses approximate their fair values because of their short maturities.

Concentration of Credit Risk

We maintain cash and cash equivalents and derivative contracts 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. Our investment portfolio is primarily composed of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and 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.

Item 4. 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 Securities Exchange Act of 1934, as amended (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 Securities and Exchange Commission ("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.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred in the **third first** quarter of **2023 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are a defendant in a variety of lawsuits arising in the ordinary course of business. Actions filed against **our the** Company from time to time may include commercial, tort, intellectual property, tax, customer, employment, wage and hour, data privacy, securities, anti-corruption 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 results of operations, financial condition or cash flows.

Fair and Accurate Credit Transactions Act Cases

We were named as a defendant in three putative class actions: *Smidga, et al. v. Bath & Body Works, LLC* in the Allegheny County, Pennsylvania Court of Common Pleas; *Dahlin v. Bath & Body Works, LLC* in the Santa Barbara County, California Superior Court; and *Blanco v. Bath & Body Works, LLC* in the Cook County, Illinois Circuit Court. The complaints each **allege alleged** that we violated the Fair and Accurate Credit Transactions Act by printing more than the last five digits of credit or debit card numbers on customers' receipts and, among other things, **seek sought** statutory damages, attorneys' fees and costs. **The Blanco case was sent to individual arbitration by court order, and we finalized a settlement of the case during the first quarter of 2024 that has resolved the arbitration and lawsuit.** We **have also** reached an agreement **in principle** with the plaintiffs in the *Smidga* and *Dahlin* cases that will resolve those matters, **which is** subject to court approval. **The Blanco case was sent to individual arbitration by court order, and we have reached an agreement in principle with the plaintiff that will resolve the Blanco arbitration and lawsuit.** The resolutions of these claims are not expected to have a material adverse effect on our results of operations, financial condition or cash flows.

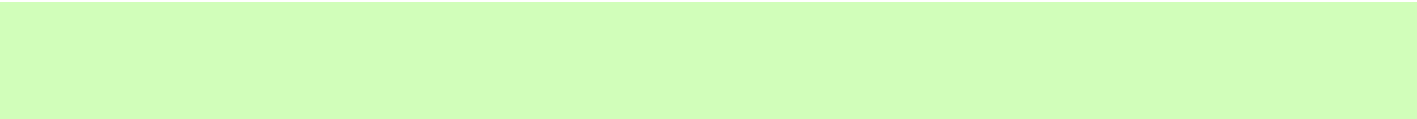
Item 1A. RISK FACTORS

The risk factors that affect our business and financial results are discussed in Item 1A. Risk Factors in our **2022 2023** Annual Report on Form 10-K. We wish to caution the reader that the risk factors discussed in Item 1A. Risk Factors in our **2022 2023** Annual Report on Form 10-K and those described elsewhere in this report or other SEC filings could cause actual results to differ materially from those stated in any forward-looking statements.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides the repurchases of our common stock during the **third first** quarter of **2023: 2024:**

Fiscal Period	Total	Average Price	Total Number of Shares Purchased as	Maximum Number of Shares (or Approximate
	Number of	Paid per	Part of Publicly Announced Programs	Dollar Value) that May Yet be Purchased Under
	Shares	Share (b)	(c)	the Programs (c)
	Purchased (a)			
	(in thousands)			(in thousands)
August 2023	414	\$ 36.66	407	\$ 122,956
September 2023	678	35.74	661	99,288
October 2023	385	30.99	371	87,787
Total	1,477		1,439	



Fiscal Period	Total	Average Price	Total Number of Shares Purchased as	Maximum Number of Shares (or Approximate
	Number of	Paid per	Part of Publicly Announced Programs	Dollar Value) that May Yet be Purchased Under
	Shares	Share (b)	(c)	the Programs (c)
	Purchased (a)			
	(in thousands)			(in thousands)
February 2024	179	\$ 44.27	175	\$ 531,028
March 2024	1,031	46.31	890	489,580
April 2024	1,106	45.05	1,106	439,774
Total	2,316		2,171	

- (a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares in connection with tax payments due upon vesting of associate restricted share and performance share unit awards and the use of our stock to pay the exercise price on associate stock options.
- (b) The average price paid per share includes any broker commissions.
- (c) For additional share repurchase program information, see Note 3, "Net Income Per Share and Shareholders' Equity (Deficit)" included in Part I, Item 1. Financial Statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

None of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408(c) of Regulation S-K) during the **third** first quarter of **2023**, **2024**.

Item 6. EXHIBITS

Exhibits

10.1	Confidentiality, Non-Competition and Intellectual Property Agreement between the Company and Eva Boratto, dated as of August 1, 2023, Cash Incentive Compensation Performance Plan, incorporated by reference to Exhibit 10.4 10.12 to the Company's Quarterly Company's Annual Report on Form 10-Q 10-K for the quarter year ended July 29, 2023 February 3, 2024.
10.2	Executive Severance Agreement between the Company and Eva Boratto, dated as of August 1, 2023, incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 29, 2023.
15	Letter regarding Unaudited Interim Financial Information regarding Incorporation of Report of Independent Registered Public Accounting Firm.
22	List of Guarantor Subsidiaries.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32	Section 906 Certification (by CEO and CFO).
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 Document .
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document Document .
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document Document .
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document Document .
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document Document .
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements 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.

BATH & BODY WORKS, INC.

(Registrant)

By: /s/ EVA C. BORATTO

Eva C. Boratto

Chief Financial Officer *

Date: December 1, 2023 June 4, 2024

* Ms. Boratto is the principal financial officer and the principal accounting officer and has been duly authorized to sign on behalf of the Registrant.

3128

Exhibit 15

December 1, 2023 June 4, 2024

To the Shareholders and Board of Directors of Bath & Body Works, Inc.

We are aware of the incorporation by reference in the following Registration Statements of Bath & Body Works, Inc.:

- (1) Registration Statement (Form S-3 ASR No. 333-263720) of Bath & Body Works, Inc.,
- (2) Registration Statement (Form S-8 No. 333-265379) pertaining to the Bath & Body Works, Inc. Associate Stock Purchase Plan,
- (3) Registration Statement (Form S-8 No. 333-262626) pertaining to the Bath & Body Works, Inc. 401(k) Savings and Retirement Plan,
- (4) Registration Statement (Form S-8 No. 333-251226) pertaining to the L Brands, Inc. 2020 Stock Option and Performance Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-206787) pertaining to the L Brands, Inc. 2015 Stock Option and Performance Incentive Plan, and
- (6) Registration Statement (Form S-8 No. 333-176588) pertaining to the Limited Brands, Inc. 2011 Stock Option and Performance Plan;

of our report dated December 1, 2023 June 4, 2024 relating to the unaudited consolidated interim financial statements of Bath & Body Works, Inc. that are included in its Form 10-Q for the quarter ended October 28, 2023 May 4, 2024.

/s/ Ernst & Young LLP

Grandview Heights, Ohio

Exhibit 22

List of Guarantor Subsidiaries

The 2025 Notes, 2027 Notes, 2028 Notes, 2029 Notes, 2030 Notes, 2035 Notes and 2036 Notes are jointly and severally guaranteed on a full and unconditional basis by Bath & Body Works, Inc. (incorporated in Delaware) and the following 100% owned subsidiaries of Bath & Body Works, Inc. as of October 28, 2023 May 4, 2024:

Entity	Jurisdiction of Incorporation or Organization
Bath & Body Works, LLC	Delaware
Bath & Body Works Brand Management, Inc.	Delaware
Bath & Body Works Direct, Inc.	Delaware
beautyAvenues, LLC	Delaware
Beauty Specialty Holding, LLC	Delaware
L Brands Service Company, LLC	Delaware

Section 302 Certification

I, Gina R. Boswell, certify that:

1. I have reviewed this report on Form 10-Q of Bath & Body Works, Inc.;
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/ GINA R. BOSWELL

Gina R. Boswell
Chief Executive Officer

Date: ~~December 1, 2023~~ June 4, 2024

Section 302 Certification

I, Eva C. Boratto, certify that:

1. I have reviewed this report on Form 10-Q of Bath & Body Works, Inc.;
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/ EVA C. BORATTO

Eva C. Boratto
Chief Financial Officer

Date: December 1, 2023 June 4, 2024

Exhibit 32

Section 906 Certification

Gina R. Boswell, the Chief Executive Officer, and Eva C. Boratto, the Chief Financial Officer, of Bath & Body Works, Inc. (the "Company"), each certifies that, to the best of our knowledge:

- (i) the Quarterly Report of the Company on Form 10-Q dated December 1, 2023 June 4, 2024 for the period ending October 28, 2023 May 4, 2024 (the "Form 10-Q"), 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GINA R. BOSWELL

Gina R. Boswell
Chief Executive Officer

/s/ EVA C. BORATTO

Eva C. Boratto
Chief Financial Officer

Date: December 1, 2023 June 4, 2024

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