



# Q4 and Full Year 2025 Earnings & 2026 Guidance

March 4, 2026

Bath & Body Works®

# Q4 Earnings Call Participants



Daniel Heaf  
Chief Executive Officer



Eva Boratto  
Chief Financial Officer



Luke Long  
VP Strategy & Investor Relations

# Forward-looking Statements

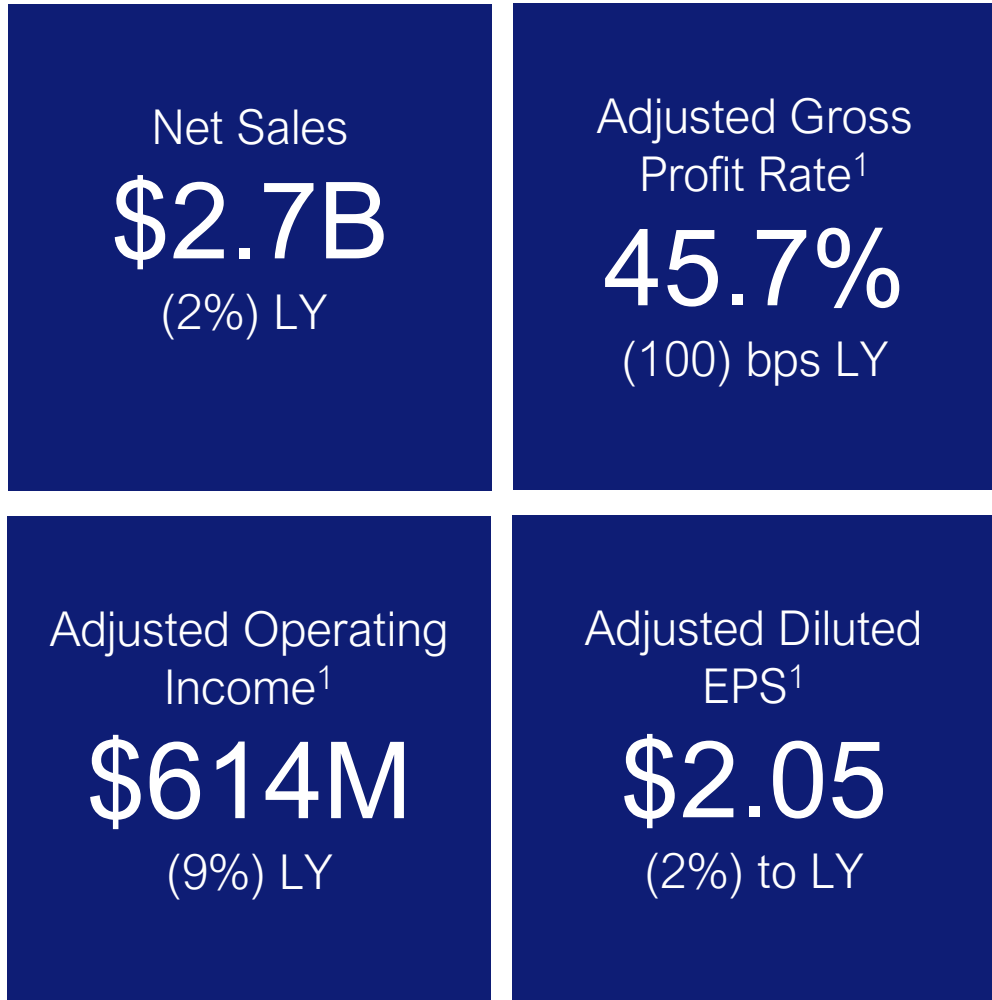
## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation 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,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. There are risks, uncertainties and other factors that 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 presentation or otherwise made by the Company or our management. These factors can be found in Item 1A. Risk Factors in our 2024 Annual Report on Form 10-K, and our subsequent filings.

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 presentation to reflect circumstances existing after the date of this presentation or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.



# Q4 2025 Financial Highlights



1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

Results in the quarter were better than expected, though still below the standard we expect for the brand.

Our aspiration is clear. To bring together luxury scent, real benefits and unmatched access building a brand consumers love, trust and choose every day.

The Consumer First Formula, introduced in Q3, is our multi-year plan to return BBW to sustainable growth and our Q4 performance reinforces our diagnosis, and the necessity and urgency of this strategy.

After a soft start to the quarter, our actions helped drive improvement, supported by a rebound in consumer behavior and strong execution of targeted holiday promotions.

We expect improvement in our financial performance as we execute the Consumer First Formula with discipline and urgency. However, the full financial impact of these actions will take time and build throughout 2026 and accelerate into 2027.

# The Consumer First Formula

Putting the consumer at the center, with focus on the four largest revenue driving opportunities



## Create Disruptive & Innovative Products

Best in class Body Care, Home Fragrance, Soaps & Sanitizers with scents that are unmistakably Bath & Body Works



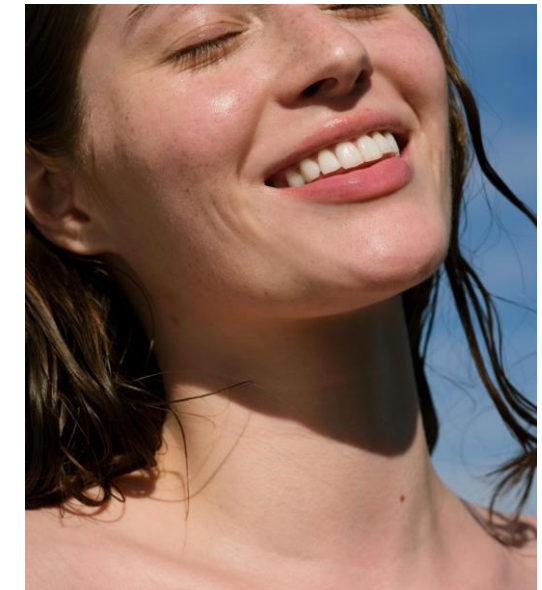
## Reignite The Brand

A brand with cultural currency showing up through creators and in store theater, and building meaningful emotional connections with consumers



## Win In The Marketplace

The best of Bath & Body Works, accessible anytime and anywhere she chooses to shop



## Operate With Speed & Efficiency

Empowered teams, working with focus and agility to prioritize what consumers care about most

← Build Winning Teams & Culture →

Empowered and engaged high performing teams bringing our Consumer First Formula to life everyday

# Create Disruptive & Innovative Products







# PRINCESS

# Bath & Body Works





# Reignite The Brand



Bath & Body Works®  
available at [amazon](#)

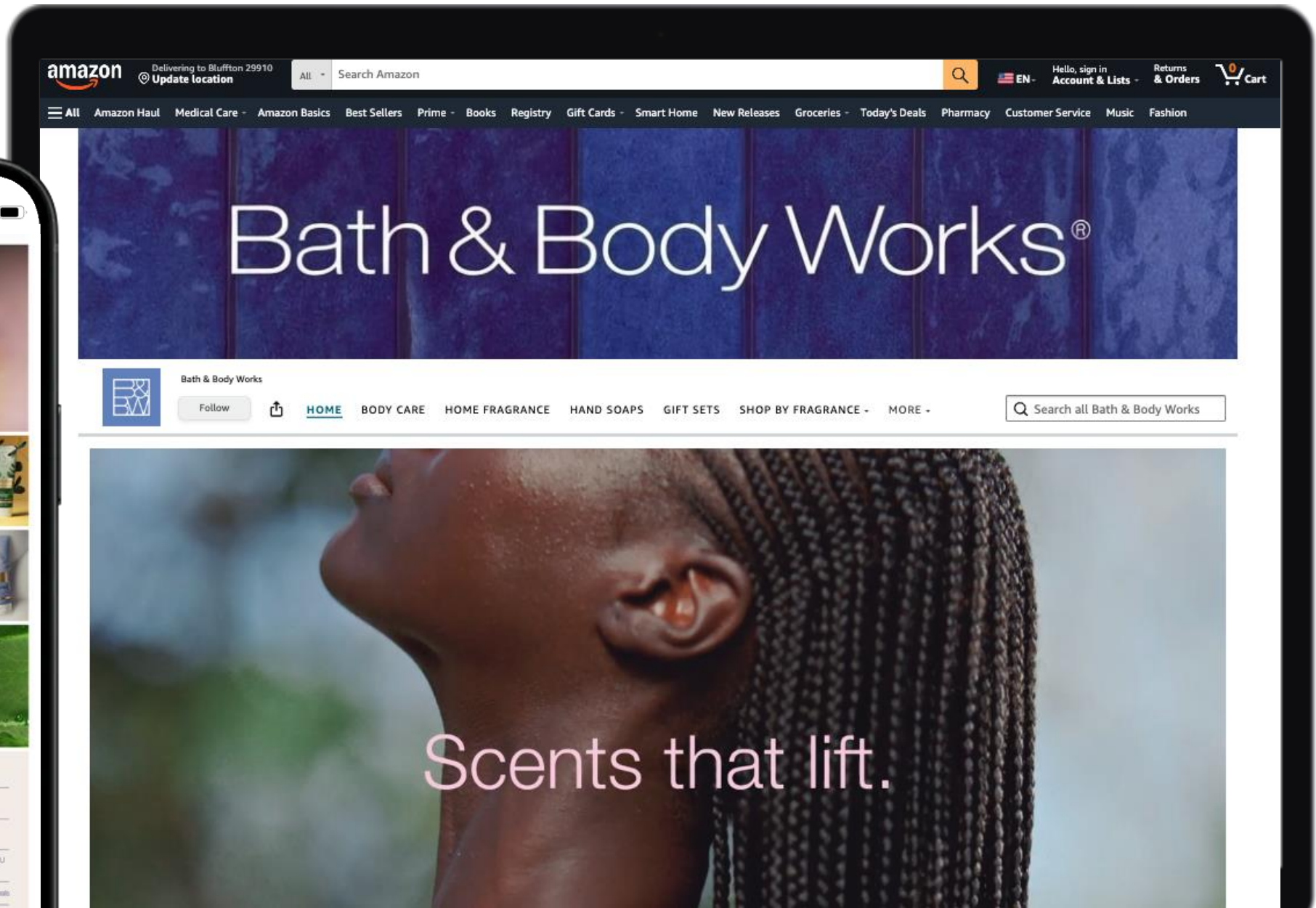
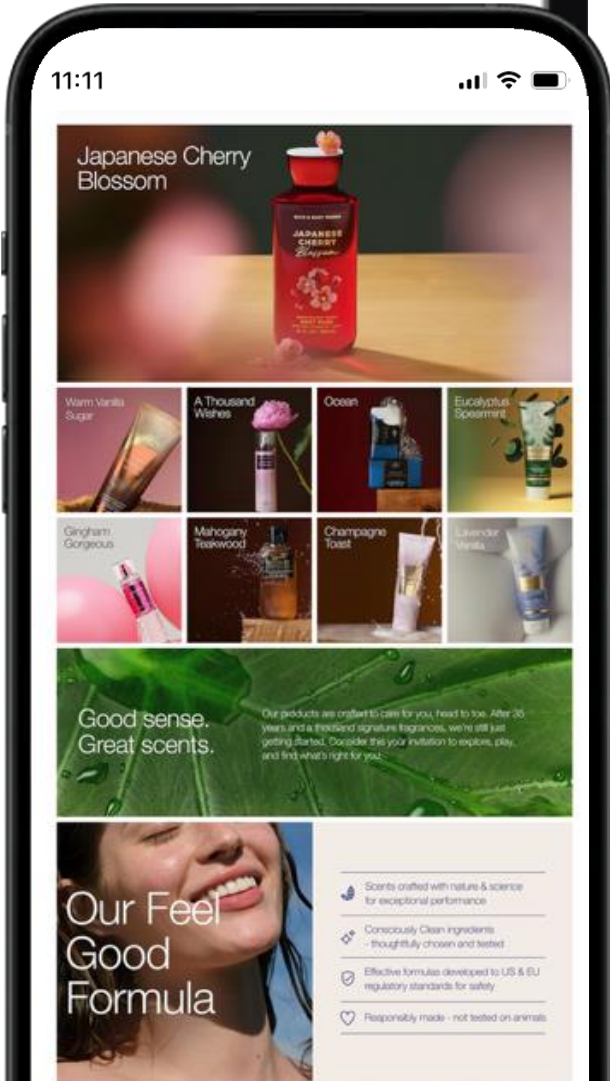


Bath & Body Works®



# Win in the Marketplace





Home / Our Feel Good Formula

## Our Feel Good Formula



11:11



- Consciously clean ingredients—thoughtfully chosen and tested.
- Scents crafted with nature and science for exceptional performance.

- Responsibly made—not tested on animals.
- Effective formulas developed to US and EU regulatory standards for safety.

**Good sense. Great scents.**

Our products are crafted to care for you, head to toe. After 35 years and a thousand signature fragrances, we're still just getting started. Consider this your invitation to explore, play and find what's right for you.

**Body care that performs.**

- Made without sulfates, parabens and phthalates.
- Dermatologist approved\*  
\*Based on review of independent testing by board-certified dermatologist.
- Outstanding performance from moisturization to fragrance experience.

# Bath & Body Works

Touch of Gold  
exclusive to Bath & Body Works

Everything you touch turns to gold

Fragrance as radiant as you are

BUY 2, GET 1 FREE

Ramadan Collection

Touch of Gold  
exclusive to Bath & Body Works

BUY 2, GET 1 FREE



SPREAD  
LOVE  
NOT  
NOT

MIX & MATCH!  
BUY 2, GET 1  
FREE

# Operate With Speed & Efficiency



# Q4 2025 North American Category Performance



## Body Care

Q4 sales down  
mid-single digits



## Home Fragrance

Q4 sales up  
low-single digits



## Soaps & Sanitizers

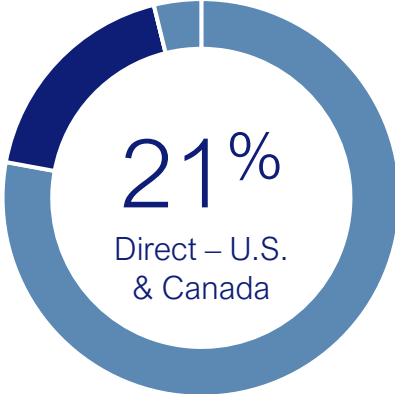
Q4 sales up  
low-single digits

# Q4 2025 Net Sales By Channel



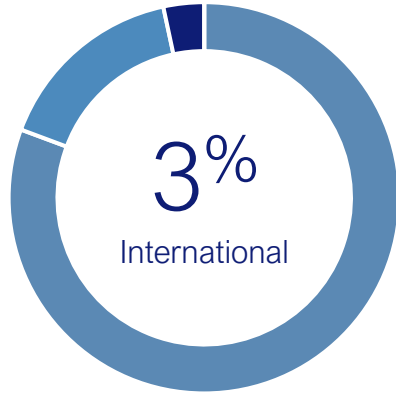
\$2.1B  
(2.6%) to LY

- BOPIS net sales are reported as store net sales.



\$579M  
(2.5%) to LY

- When adjusted for BOPIS, digital outperformed stores
- Year to date, BOPIS represents ~30% of total direct demand.



\$91M  
+8.6% to LY

- International system-wide retail sales<sup>1</sup> up 13% in the quarter.

1 - Total "international system-wide retail sales" means the net sales of all Bath & Body Works stores and digital channels located outside North America and owned and/or operated by the company's franchise, license and wholesale partners. While total international system-wide retail sales are not recorded as net sales by the company, management believes the information is important in understanding the company's financial performance because these sales are the basis on which the company calculates and records certain net sales for its International business and are indicative of the financial health of the company's franchise, license and wholesale partners and the prospects for growth of the company's International business.

<sup>19</sup> NOTE: BOPIS stands for "Buy Online, Pickup In Store."

# Q4 2025 Financial Results<sup>1</sup>

in millions, except earnings per share

	ACTUALS	vs. LY Favorable/(Unfavorable)	GUIDANCE (November 20, 2025 <sup>2</sup> )
Net Sales	\$2,724	(2.3%)	Down high-single digits
Adjusted COGS and B&O <sup>1</sup>	\$1,479	-	
Adjusted Gross Profit <sup>1</sup>	\$1,245	(4.3%)	
Adjusted Gross Profit Rate <sup>1</sup>	45.7%	(100 bps)	~44.5%
Adjusted SG&A <sup>1</sup>	\$631	(1.3%)	
Adjusted SG&A Rate <sup>1</sup>	23.2%	(90 bps)	~24%
Adjusted Operating Income <sup>1</sup>	\$614	(9.5%)	
Adjusted Operating Income Rate <sup>1</sup>	22.5%	(180 bps)	
Interest Expense & Other	\$61	+9.0%	~\$60
Adjusted Tax Provision <sup>1</sup>	\$138		
Adjusted Tax Rate <sup>1</sup>	24.9%		~25%
Adjusted Net Income <sup>1</sup>	\$415	(8.3%)	
Weighted Average Diluted Shares Outstanding	203		~204
Adjusted Earnings Per Diluted Share <sup>1</sup>	\$2.05	(1.9%)	At least \$1.70

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

2 - The company's Q4 guidance was provided as a part of the company's Q3 2025 earnings materials.

## Key Highlights

Net sales of \$2.7B, a decline of (2%) to LY, above expectations.

- Improvement in performance as the quarter progressed.
- Successful execution of targeted promotions during key holiday moments.
- Performance reiterates the necessity of Consumer First Formula.

Adjusted Gross Profit rate deleveraged by 100 basis points to the prior year.

- Adjusted merchandise margin rate decline of ~120 basis points primarily due to tariff impact of ~\$30 million or ~100 basis points.
- Mixed adjusted AUR declined low-single digits.
- B&O leverage of 20 basis points, benefitted from the exit of a third-party fulfillment center in Q1 '25.

Adjusted SG&A rate increased by 90 basis points to the prior year.

- Driven by sales deleverage and investments in technology and initiatives associated with the Consumer First Formula.

# Store Count And Company-Operated Selling Square Feet

Q3 2025 vs. Q4 2025

## Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	11/1/2025	Opened	Closed	1/31/2026	11/1/2025	Opened/ Remodels	Closed	1/31/2026
Bath & Body Works U.S.	1,821	21	(28)	1,814	5,172	51	(58)	5,166
Bath & Body Works Canada	113	-	-	113	326	2	-	328
Total Bath & Body Works	1,934	21	(28)	1,927	5,498	54	(58)	5,493

## Total Partner-Operated Stores

	Stores			
	11/1/2025	Opened	Closed	1/31/2026
International	508	35	(7)	536
International – Travel Retail	36	1	-	37
Total International <sup>1</sup>	544	36	(7)	573

1- Includes store locations only and does not include kiosks, shop-in-shops, gondola or beauty counter locations.

# FY 2025 Financial Results<sup>1</sup>

in millions, except earnings per share

	<u>ACTUALS</u>	<u>vs. LY</u> Favorable/(Unfavorable)	<u>GUIDANCE</u> (November 20, 2025 <sup>2</sup> )
Net Sales	\$7,291	(0.2%)	Down low-single digits
Adjusted COGS and B&O <sup>1</sup>	\$4,101	-	
Adjusted Gross Profit <sup>1</sup>	\$3,190	(1.4%)	
Adjusted Gross Profit Rate <sup>1</sup>	43.7%	(60 bps)	~43.3%
Adjusted SG&A <sup>1</sup>	\$2,034	(3.3%)	
Adjusted SG&A Rate <sup>1</sup>	27.9%	(100 bps)	~28.3%
Adjusted Operating Income <sup>1</sup>	\$1,156	(8.7%)	
Adjusted Operating Income Rate <sup>1</sup>	15.9%	(140 bps)	
Adjusted Interest Expense & Other <sup>1</sup>	\$252	+9.2%	~\$250
Adjusted Tax Provision <sup>1</sup>	\$235		
Adjusted Tax Rate <sup>1</sup>	26.0%		~26.2%
Adjusted Net Income <sup>1</sup>	\$669	(8.3%)	
Weighted Average Diluted Shares Outstanding	209		~209
Adjusted Earnings Per Diluted Share <sup>1</sup>	\$3.21	(2.4%)	At least \$2.87

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

2 - The company's FY25 guidance was provided as a part of the company's Q3 2025 earnings materials.

## Key Highlights

Net sales of \$7.3B, flat to LY, above expectations.

- o Performance reiterates necessity and urgency of Consumer First Formula.

Adjusted Gross Profit rate deleveraged by 60 basis points to the prior year.

- o Driven by 80 basis point decrease in adjusted merchandise margin rate, primarily driven by tariffs.
- o Tariff impact of ~\$80 million or ~110 basis points.
- o B&O leverage of 20 basis points, benefitted from the exit of a third-party fulfillment center in Q1.

Adjusted SG&A rate deleveraged by 100 basis points to the prior year.

- o Driven by sales deleverage, wage inflation and initiatives associated with the Consumer First Formula.

# FY 2026 Guidance<sup>1</sup>

In millions, except earnings per share

Metric	Guidance (March 4, 2026)
Net Sales	(4.5%) – (2.5%)
Gross Profit Rate	~42.4%
Adjusted SG&A Expense Rate <sup>1</sup>	~29.2%
Adjusted Interest Expense & Other <sup>1</sup>	~\$230
Adjusted Tax Rate <sup>1</sup>	~26.5%
Weighted Average Diluted Shares Outstanding	~203 million
Adjusted Earnings Per Diluted Share <sup>1</sup>	\$2.40 - \$2.65
Capital Expenditures	~\$270
Free Cash Flow <sup>1</sup>	~\$600

<sup>1</sup>- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

## Key Highlights

- We expect 2026 to be a year of disciplined investment behind the Consumer First Formula to position the business for sustainable, long-term growth.
- We expect net sales to be down (4.5%) to down (2.5%).
  - Underlying business trend down ~3% with comparable level of promotions to prior year.
  - Macro environment similar to 2025 with continued value-seeking consumer.
  - Innovation pipeline, improved marketing and new touchpoints will begin to contribute over time, with a greater impact in the back half of 2026 and into 2027.
  - International net sales are expected to be up mid-to-high single digits.
- We expect gross profit rate to be ~42.4%.
  - B&O deleverage due to sales declines and merchandise margin pressure due to product investments, partly offset by Fuel for Growth initiatives.
  - Tariff levels, inclusive of product cost inflation, expected to remain roughly neutral to year over year earnings.
- We expect adjusted SG&A rate to be ~29.2%, reflecting wage inflation, Consumer First Formula investments, and sales deleverage, partially offset by Fuel for Growth initiatives.
- Fuel for Growth targets \$250 million of cost savings over two years. We expect ~\$175 million in 2026, split roughly evenly between Gross Margin and SG&A.

# Q1 2026 Guidance<sup>1</sup>

in millions, except earnings per share

Metric	Guidance (March 4, 2026)
Net Sales	(6%) – (4%)
Gross Profit Rate	~42.5%
Adjusted SG&A Expense Rate <sup>1</sup>	~32.3%
Adjusted Interest Expense & Other <sup>1</sup>	~\$60
Adjusted Tax Rate <sup>1</sup>	~28.5%
Weighted Average Diluted Shares Outstanding	~202 million
Adjusted Earnings Per Diluted Share <sup>1</sup>	\$0.24 - \$0.30

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

## Key Highlights

- We expect Q1 sales of down (6%) to down (4%).
  - Underlying business trend down low-single digits with comparable level of promotions to prior year.
  - Macro environment similar to 2025 with continued value-seeking consumer.
  - Lapping the strongest quarter of performance in 2025.
- We expect gross profit rate of ~42.5%, reflecting impacts from tariffs and B&O deleverage due to sales declines.
  - Tariff impact expected to be ~150 basis points, offset in the back half of the year.
- We expect adjusted SG&A rate to be approximately 32.3%, reflecting sales deleverage and timing of investments, offset by Fuel for Growth initiatives.

# Capital Allocation Highlights

	FY'25 Results	FY'26 Guidance
Capital Expenditures	\$237M	~\$270M
Dividend Payments	\$167M \$0.80/share dividend	Expect to maintain our annual dividend of \$0.80
Share Repurchases	\$400M	No share repurchases assumed
Debt Repayment	No debt repayment in 2025	\$284M Notional Redemption of January 2027 notes in Q1'26
Free Cash Flow <sup>1</sup>	\$865M	~\$600M

# A Strong Foundation to Execute the Consumer First Formula

2026 will be a year of disciplined investment behind the Consumer First Formula to position the business for sustainable, long-term growth, and we are confident in our strategy and ability to establish Bath & Body Works as a premier global brand.

## Leader In Attractive Space

A market leader in each of our 3 hero categories: Home Fragrance, Soaps & Sanitizers, and Body Care<sup>1</sup> provides a strong base for innovation and brand elevation.

## Margins That Support Strategic Investment

FY26 operating margin expectations of ~13%<sup>2</sup> reflect disciplined cost management while funding product, brand, digital and marketplace capabilities.

## Consistent Free Cash Flow Generation

~\$600M<sup>3</sup> expected in FY26, enabling reinvestment in growth and maintaining balance sheet strength.

## Balanced, Disciplined Capital Allocation

Expected continued payment of annual dividend with redemption of the \$284M outstanding notional of January 2027 notes, underscoring our commitment to disciplined capital allocation priorities.

1 - Source: Circana & BBW Internal Data, based on full year 2025 results;

2 - Based on the mid-point of our fiscal 2026 full-year guidance.

3 - See Appendix for important information regarding the non-GAAP financial measures.

# Q&A



# Appendix

Other financial information



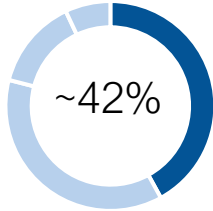
# 2025 Category Highlights

FY'25

(% of North American Sales)

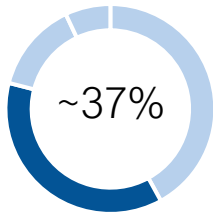
## 2025 Highlights

Home  
Fragrance



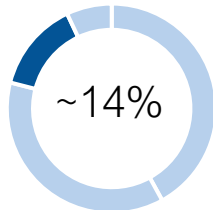
- Home Fragrance was up low single digits to prior year and maintained market leadership.
- Single wick candles performed above shop, inclusive of new everyday pricing of 2 for \$20.
- Wallflower heaters grew double digits as consumers responded positively to our decorative wallflower heaters.

Body Care



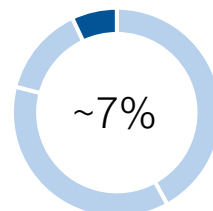
- Body Care was down low single digits to prior year and maintained market leadership.
- Fragrant body care performed in line with the shop, further reiterating the need for modern, benefit led innovation.
- Adjacencies trended below shop – we began exiting unproductive lines such as Men's Grooming and Hair.
- Champagne Toast had its strongest year ever, validating our strategy of elevating our core icons.

Soaps &  
Sanitizers



- Soaps and Sanitizers were up mid single digits to prior year and maintained market leadership.
- Sanitizers performed well, with demand fueled by Pocketbacs and newer products such as our moisturizing Pocketbacs and 1 oz. sanitizer spray.
- Soap refills make up slightly less than 10% of soaps, grew nicely in the year.
- Introduced our new moisturizing hand soap late in Q4, a new form with updated formula, elevated packaging and marketed as “benefit first”.
- Relunched our full-size sanitizer in Q1.

Other



- Record breaking year in the gifting category in 2025 as customers really responded to our gifts at a range of price points.
- Note: Other reflects gifting and accessories.

# Store Count And Company-Operated Selling Square Feet

FY 2025 vs. FY 2024

## Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	2/1/2025	Opened	Closed	1/31/2026	2/1/2025	Opened/ Remodels	Closed	1/31/2026
Bath & Body Works U.S.	1,782	94	(62)	1,814	5,066	236	(136)	5,166
Bath & Body Works Canada	113	-	-	113	325	3	-	328
Total Bath & Body Works	1,895	94	(62)	1,927	5,391	238	(136)	5,493

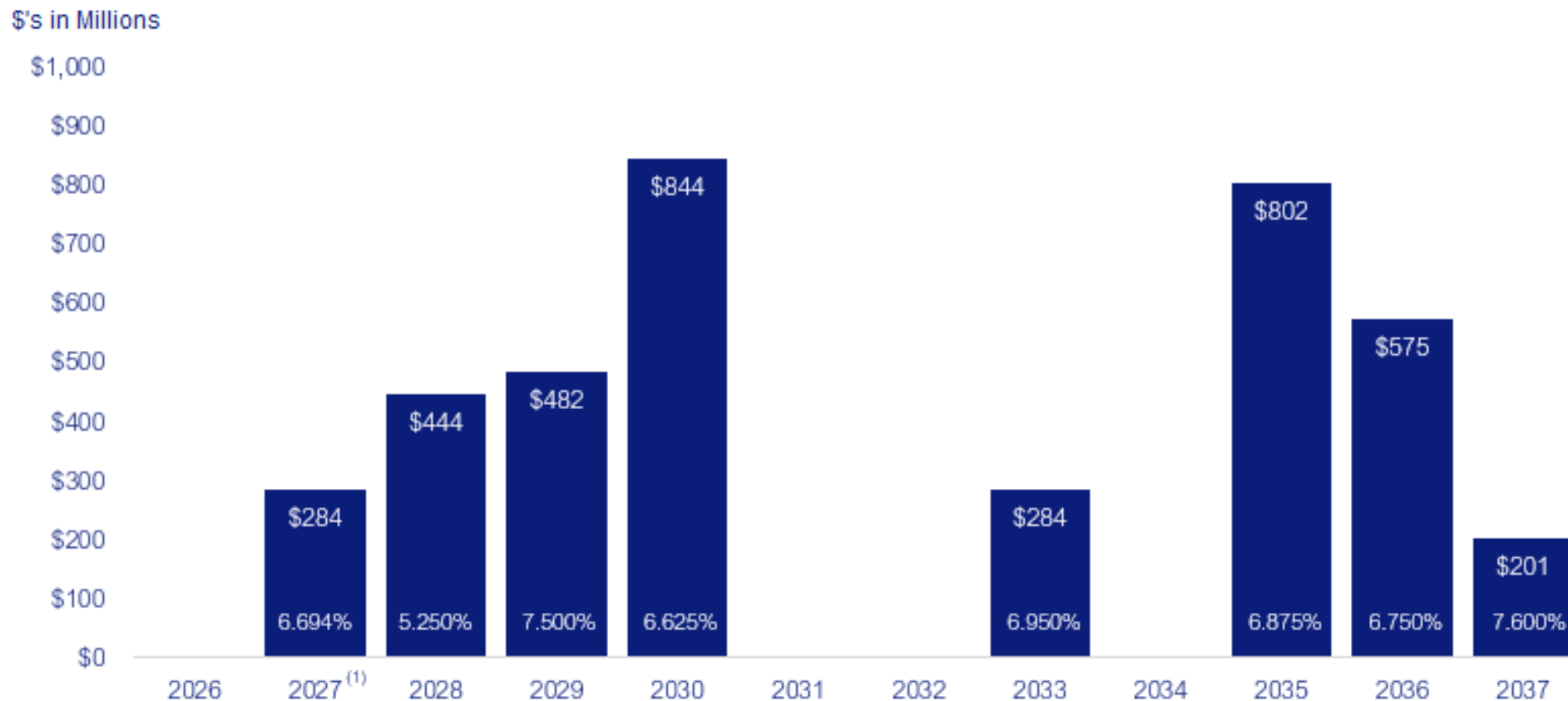
## Total Partner-Operated Stores

	Stores			
	2/1/2025	Opened	Closed	1/31/2026
International	494	70	(28)	536
International – Travel Retail	35	4	(2)	37
Total International <sup>1</sup>	529	74	(30)	573

1- Includes store locations only and does not include kiosks, shop-in-shops, gondola or beauty counter locations.

# Debt Maturities

as of January 31, 2026



(1) The 2027 Notes mature on 1/15/27, which falls in fiscal year 2026. We issued a notice of redemption for our outstanding 2027 Notes and expect to repay them in the first quarter of FY26.

# Adjusted Financial Information – Q4 2025 & FY2025

\$ in millions, except per share amounts

	Q4 2025		Full-Year 2025	
<b><u>Reconciliation of Reported COGS &amp; B&amp;O to Adjusted COGS &amp; B&amp;O</u></b>				
Reported COGS & B&O	\$ 1,480		\$ 4,102	
Business Transformation Activities	(1)		(1)	
Adjusted COGS & B&O	<u>\$ 1,479</u>		<u>\$ 4,101</u>	
<b><u>Reconciliation of Reported Gross Profit to Adjusted Gross Profit</u></b>				
Reported Gross Profit	\$ 1,244	45.7%	\$ 3,189	43.7%
Business Transformation Activities	1	-	1	-
Adjusted Gross Profit	<u>\$ 1,245</u>	<u>45.7%</u>	<u>\$ 3,190</u>	<u>43.7%</u>
<b><u>Reconciliation of Reported SG&amp;A Expense to Adjusted SG&amp;A Expense</u></b>				
Reported SG&A Expense	\$ 645	23.7%	\$ 2,063	28.3%
Business Transformation Activities	(14)	(0.5%)	(14)	(0.2%)
Leadership Transition Costs	-	-	(15)	(0.2%)
Adjusted SG&A Expense	<u>\$ 631</u>	<u>23.2%</u>	<u>\$ 2,034</u>	<u>27.9%</u>
<b><u>Reconciliation of Reported Operating Income to Adjusted Operating Income</u></b>				
Reported Operating Income	\$ 599	22.0%	\$ 1,126	15.4%
Business Transformation Activities	15	0.5%	15	0.2%
Leadership Transition Costs	-	-	15	0.2%
Adjusted Operating Income	<u>\$ 614</u>	<u>22.5%</u>	<u>\$ 1,156</u>	<u>15.9%</u>
<b><u>Reconciliation of Reported Interest Expense &amp; Other to Adjusted Interest Expense &amp; Other</u></b>				
Reported Interest Expense & Other	\$ 61		\$ 244	
Gain on Sale of Non-core Asset	-		8	
Adjusted Interest Expense & Other	<u>\$ 61</u>		<u>\$ 252</u>	

# Adjusted Financial Information – Q4 2025 & FY2025, cont.

\$ in millions, except per share amounts

	Q4 2025		Full-Year 2025	
	\$	Rate	\$	Rate
<b><u>Reconciliation of Reported Tax Provision to Adjusted Tax Provision</u></b>				
Reported Tax Provision	\$135	25.1%	\$233	26.4%
Tax Effect of Adjustments	3	(0.2%)	2	(0.4%)
Adjusted Tax Provision	<u>\$138</u>	<u>24.9%</u>	<u>\$235</u>	<u>26.0%</u>
<b><u>Reconciliation of Reported Net Income to Adjusted Net Income</u></b>				
Reported Net Income	\$403		\$649	
Business Transformation Activities	15		15	
Leadership Transition Costs	-		15	
Gain on Sale of Non-core Asset	-		(8)	
Tax Effect of Adjustments	(3)		(2)	
Adjusted Net Income	<u>\$415</u>		<u>\$669</u>	
<b><u>Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u></b>				
Reported Net Income Per Diluted Share	\$1.99		\$3.11	
Business Transformation Activities	0.07		0.07	
Leadership Transition Costs	-		0.07	
Gain on Sale of Non-core Asset	-		(0.04)	
Tax Effect of Adjustments	(0.01)		(0.01)	
Adjusted Net Income Per Diluted Share	<u>\$2.05</u>		<u>\$3.21</u>	

**The 2025 adjusted results exclude the following:**

- In the fourth quarter, aggregate pre-tax costs of \$15 million (\$12 million net of tax), primarily included in SG&A Expense, resulting from business transformation activities in connection with the Consumer First Formula. These costs primarily related to severance benefits.
- In the third quarter, an \$8 million pre-tax gain (\$6 million after-tax), included in Interest Expense & Other related to the sale of a non-core asset.
- In the second quarter, aggregate pre-tax costs of \$15 million (\$14 million after-tax), included in SG&A Expense, due to the transition of certain members of our leadership team, primarily related to severance benefits.

# Forecasted Adjusted Financial Information – 2026

\$ in millions, except earnings per share amounts

	<u>Q1 2026</u>	<u>Full-Year 2026</u>		
<b><u>Reconciliation of Forecasted SG&amp;A Expense Rate to Forecasted Adjusted SG&amp;A Expense Rate</u></b>				
Forecasted SG&A Expense Rate	25.8%	28.0%		
Interchange Fee Settlement	6.5%	1.2%		
Forecasted Adjusted SG&A Expense Rate	<u>32.3%</u>	<u>29.2%</u>		
<b><u>Reconciliation of Forecasted Interest Expense &amp; Other to Forecasted Adjusted Interest Expense &amp; Other</u></b>				
Forecasted Interest Expense & Other	\$69	\$239		
Loss on Extinguishment of Debt	(9)	(9)		
Forecasted Adjusted Interest Expense & Other	<u>\$60</u>	<u>\$230</u>		
<b><u>Reconciliation of Forecasted Tax Rate to Forecasted Adjusted Tax Rate</u></b>				
Forecasted Tax Rate	(12.1%)	18.6%		
Tax Rate Effect of Adjustments	(0.1%)	-		
Tax Rate Benefit from the Resolution of Certain Tax Matters	40.7%	7.9%		
Forecasted Adjusted Tax Rate	<u>28.5%</u>	<u>26.5%</u>		
<b><u>Reconciliation of Forecasted Net Income Per Diluted Share to Forecasted Adjusted Net Income Per Diluted Share</u></b>				
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Forecasted Net Income Per Diluted Share	\$0.84	\$0.90	\$3.00	\$3.25
Interchange Fee Settlement	(0.43)	(0.43)	(0.43)	(0.43)
Loss on Extinguishment of Debt	0.04	0.04	0.04	0.04
Tax Effect of Adjustments	0.10	0.10	0.10	0.10
Tax Benefit from the Resolution of Certain Tax Matters	(0.31)	(0.31)	(0.31)	(0.31)
Forecasted Adjusted Net Income Per Diluted Share	<u>\$0.24</u>	<u>\$0.30</u>	<u>\$2.40</u>	<u>\$2.65</u>

**The first quarter of and full-year 2026 forecasted adjusted results exclude the following:**

- An \$88 million pre-tax gain (\$65 million after-tax), which will be included in SG&A Expense, related to cash proceeds received, net of legal fees, for a favorable settlement of payment card interchange fee litigation.
- A \$9 million pre-tax loss (\$7 million after-tax), which will be included in Interest Expense & Other, associated with the anticipated early extinguishment of outstanding notes.
- A \$62 million tax benefit associated with the resolution of certain tax matters.

# Free Cash Flow Information

\$ in millions, except share amounts

	<b>Full-Year 2025</b>
<b><u>Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow</u></b>	
Net Cash Provided by Operating Activities	\$1,102
Capital Expenditures	(237)
Free Cash Flow	<u>\$865</u>
	<b>Full-Year 2026</b>
<b><u>Reconciliation of Forecasted Net Cash Provided by Operating Activities to Forecasted Free Cash Flow</u></b>	
Forecasted Net Cash Provided by Operating Activities	\$870
Forecasted Capital Expenditures	(270)
Forecasted Free Cash Flow	<u>\$600</u>

## **Free Cash Flow**

Our Free Cash Flow is defined as Net Cash Provided by Operating Activities less our Capital Expenditures. Our Forecasted Free Cash Flow is defined as Forecasted Net Cash Provided by Operating Activities less our Forecasted Capital Expenditures. Our Free Cash Flow measures are non-GAAP financial measures which we believe are useful to analyze our anticipated ability to generate cash. Our Free Cash Flow calculations may not be comparable to similarly titled measures reported by other companies. Our Free Cash Flow measures should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures.

