

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

FORM 8-K

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

Date of report (Date of earliest event reported): July 13, 2021

L Brands, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-8344

(Commission File Number)

31-1029810

(IRS Employer Identification No.)

**Three Limited Parkway
Columbus, OH**

(Address of Principal Executive Offices)

43230

(Zip Code)

(614) 415-7000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	LB	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (Sec.230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Sec.240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition

And

Item 7.01. Regulation FD Disclosure.

The following information is being furnished pursuant to Item 2.02, “Results of Operations and Financial Condition” and Item 7.01, “Regulation FD Disclosure”, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On July 13, 2021, L Brands, Inc. (the “Company” or “L Brands”) issued a press release announcing a number of updates, including reporting net sales results for the nine weeks ended July 3, 2021. In addition, the press release contains updated guidance with respect to second quarter 2021 earnings. A copy of the press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference herein.

The expected second quarter earnings per share and operating income described above are based on information available at this time and incorporate a variety of assumptions, estimates and projections, including among others, with regard to the impact of COVID-19. The Company’s actual earnings per share and operating income for the second quarter will be influenced by future developments and other factors, many of which are difficult to predict and not within the Company’s control. The Company cautions not to place undue reliance on its expectations for the second quarter as actual results may differ from the expected results described above.

Item 8.01. Other Events.

New Share Repurchase Plan

On July 13, 2021, the Company also announced that the Board of Directors of the Company has authorized a new \$1.5 billion share repurchase program. This program replaces the Company’s previous \$500 million repurchase authorization, of which approximately \$36.2 million remained outstanding as of July 13, 2021.

A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein, except with regards to the fifth paragraph therein regarding second quarter 2021 guidance.

Legal Proceedings Update

As L Brands has previously disclosed, on May 19, 2020 and January 12, 2021, L Brands shareholders filed derivative lawsuits in the Court of Common Pleas for Franklin County, Ohio (subsequently removed to the United States District Court for the Southern District of Ohio) and the Delaware Court of Chancery, respectively, naming as defendants certain current and former directors and officers of L Brands and alleging, among other things, breaches of fiduciary duty through asserted violations of law and failures to monitor workplace conduct (the “Lawsuits”). In addition, L Brands also received litigation and books-and-records demands from other shareholders related to the same matters (together with the Lawsuits, the “Actions”), including from the Attorney General of Oregon on behalf of the State of Oregon.

These shareholders, including the Attorney General of Oregon, the Detroit Police and Fire Retirement System, and several individuals, have agreed upon material terms of a settlement with a Special Committee of the L Brands Board of Directors resolving the Actions, and the shareholders and L Brands plan to present the settlement to a federal judge promptly. The settlement-in-principle would resolve all derivative claims that have been or could have been asserted in the Actions or that involve in any way the allegations referred to in the Actions and would release all such claims against L Brands (and its subsidiaries) and past and present L Brands employees, officers and directors, among others. As part of the settlement-in-principle, L Brands (and its subsidiaries, including Victoria’s Secret & Co. (“Victoria’s Secret”)) has agreed to implement and fund certain management and governance measures. The settlement remains subject to the filing of a stipulation of settlement with the federal court and court approval of the final terms set forth in the stipulation of settlement.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information

On July 9, 2021, the Company announced that the Board of Directors of the Company approved the previously announced separation of its Victoria’s Secret business (the “Separation”), which will be achieved through the distribution of 100% of the shares of Victoria’s Secret to holders of the Company’s common stock on the record date of July 22, 2021. The distribution is expected to be completed after the New York Stock Exchange market closing on August 2, 2021, subject to a number of customary conditions, including the Securities and Exchange Commission having declared effective Victoria’s Secret’s Registration Statement on Form 10, as amended. Following the Separation, Victoria’s Secret will be an independent, publicly traded company, and the Company will retain no ownership interest in Victoria’s Secret. The unaudited pro forma consolidated statements of income (loss) of the Company for the thirteen weeks ended May 1, 2021, and for the years ended January 30, 2021, February 1, 2020, February 2, 2019 and the unaudited pro forma consolidated balance sheet of the Company as of May 1, 2021 are filed as Exhibit 99.2 to this Current Report on Form 8-K.

(d) Exhibits

[Exhibit 99.1](#) Press Release dated July 13, 2021 entitled “L Brands Reports Second Quarter-To-Date 2021 Sales and Increases Second Quarter Earnings Guidance”.

[Exhibit 99.2](#) Unaudited pro forma consolidated statements of income (loss) of the Company for the thirteen weeks ended May 1, 2021, and for the years ended January 30, 2021, February 1, 2020 and February 2, 2019 and the unaudited pro forma consolidated balance sheet of the Company as of May 1, 2021.

Exhibit 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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 hereunto duly authorized.

L Brands, Inc.

Date: July 13, 2021

By: /s/ STUART B. BURGDOERFER
Stuart B. Burgdoerfer
Executive Vice President and Chief Financial Officer

Lbrands

L BRANDS REPORTS SECOND QUARTER-TO-DATE 2021 SALES AND INCREASES SECOND QUARTER EARNINGS GUIDANCE

– ANNOUNCES BATH & BODY WORKS CAPITAL STRUCTURE ACTIONS, INCLUDING AUTHORIZATION OF \$1.5 BILLION SHARE REPURCHASE PROGRAM –

Columbus, Ohio (July 13, 2021) — L Brands, Inc. (NYSE: LB) reported net sales of \$2.351 billion for the nine weeks ended July 3, 2021, compared to net sales of \$1.369 billion for the nine weeks ended July 4, 2020. Second quarter 2020 sales were negatively impacted by the closure of stores for approximately half the quarter due to the COVID-19 pandemic. Sales for the first nine weeks of the second quarter of 2021 increased 12 percent compared to sales of \$2.101 billion for the same period of 2019.

Bath & Body Works net sales were \$1.239 billion for the nine-week period ended July 3, 2021, compared to net sales of \$743.5 million for the nine weeks ended July 4, 2020. Bath & Body Works sales for the first nine weeks of the second quarter of 2021 increased 48 percent compared to the same period of 2019.

Victoria's Secret net sales were \$1.112 billion for the nine-week period ended July 3, 2021, compared to net sales of \$625.7 million for the nine weeks ended July 4, 2020. Victoria's Secret comparable sales for the first nine weeks of the second quarter of 2021 increased 3 percent compared to the same period in 2019.

Second quarter-to-date sales in 2021 for both Bath & Body Works and Victoria's Secret were negatively impacted by a later start to their semi-annual sales compared to 2019.

The company currently expects to report second quarter earnings per share between \$1.20 and \$1.30, compared to its previous guidance of \$0.80 to \$1.00. Under its current segment reporting, the company currently expects to report second quarter operating income of more than \$400 million for the Bath & Body Works segment, and more than \$200 million for the Victoria's Secret segment. The increase to the company's previous second quarter earnings guidance was principally driven by higher than forecasted merchandise margin rates, as strong customer response to merchandise assortments and disciplined inventory management enabled a reduction in promotional activity. The company plans to report second quarter earnings after the close of the market on August 18, 2021.

Bath & Body Works Capital Structure Actions

The company also today announced the go-forward capital structure for the standalone Bath & Body Works business, subsequent to the spin-off of Victoria's Secret & Co. The Bath & Body Works capital structure will include:

- An authorization of a new \$1.5 billion share repurchase program. This program will replace the previous \$500 million share repurchase program announced in March 2021, which had \$36.2 million remaining. Under this previous program, the company had repurchased a total of 7 million shares for \$463.8 million.
- An intent to reduce debt by up to \$500 million.
- A targeted adjusted debt to EBITDAR leverage ratio in the mid-2x range.
- The continuation of L Brands' current annual dividend of \$0.60 per share.

ABOUT L BRANDS:

L Brands, through Bath & Body Works, Victoria's Secret and PINK, is an international company. The company operates 2,684 company-operated specialty stores in the United States, Canada and Greater China, in more than 700 franchised locations worldwide and through its websites worldwide.

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 press release 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" 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 press release or otherwise made by our company or our management:

- the spin-off of the Victoria's Secret business (the "spin-off") may not be consummated within the anticipated time period or at all;
- disruption to our business in connection with the proposed spin-off and that we could lose revenue as a result of such disruption;
- the spin-off may not be tax-free for U.S. federal income tax purposes;
- a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses or that the companies resulting from the spin-off do not realize all of the expected benefits of the spin-off;
- the combined value of the common stock of the two publicly-traded companies will not be equal to or greater than the value of our common stock had the spin-off not occurred;
- Victoria's Secret has no history of operating as an independent company, and its historical combined and unaudited pro forma financial information is not necessarily representative of the results that it would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results;
- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the novel coronavirus (COVID-19) global pandemic has had and is expected to continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- divestitures or other dispositions, including a spin-off of Victoria's Secret and related operations and contingent liabilities from businesses that we have divested;
- difficulties arising from turnover in company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully operate and expand internationally and related risks;

- our independent franchise, license and wholesale partners;
- our direct channel businesses;
- our ability to protect our reputation and our brand images;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to maintain, enforce and protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, environmental hazards or natural disasters;
 - significant health hazards or pandemics, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
 - duties, taxes and other charges;
 - legal and regulatory matters;
 - volatility in currency exchange rates;
 - local business practices and political issues;
 - potential delays or disruptions in shipping and transportation and related pricing impacts;
 - disruption due to labor disputes; and
 - changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and distribution facilities in central Ohio;
- fluctuations in foreign currency exchange rates;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in product input costs;
- our ability to adequately protect our assets from loss and theft;
- fluctuations in energy costs;
- 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' 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 related effects;
- shareholder activism matters;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt and maintain compliance with our restrictive covenants;
- our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

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 press release to reflect circumstances existing after the date of this press release 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.

The company has filed a registration statement (including a prospectus) with the Securities and Exchange Commission (the "SEC"). Before you invest in any securities of the company, you should read the prospectus in that registration statement, the prospectus supplement for the relevant offering and other documents the company has filed with the SEC for more complete information about the company and the relevant offering. You may get these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, the company, any underwriter or any dealer participating in the relevant offering will arrange to send you the prospectus if you request it by emailing investorrelations@lb.com.

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VICTORIA'S SECRET / PINK / BATH & BODY WORKS
Three Limited Parkway, Columbus, OH 43230 www.LB.com

L BRANDS
SECOND QUARTER-TO-DATE 2021

Total Sales (Millions):

	Second Quarter-to- Date 2021	Second Quarter-to- Date 2020	%	Second Quarter-to- Date 2021	Second Quarter-to- Date 2019	%
			Inc/ (Dec)			Inc/ (Dec)
Bath & Body Works Stores – U.S. and Canada	\$ 898.6	\$ 327.3	174.6%	\$ 898.6	\$ 668.4	34.4%
Bath & Body Works Direct	295.9	377.9	(21.7%)	295.9	136.3	117.1%
Bath & Body Works International ¹	44.5	38.3	16.2%	44.5	31.7	40.4%
Total Bath & Body Works	\$ 1,239.0	\$ 743.5	66.6%	\$ 1,239.0	\$ 836.4	48.1%
Victoria's Secret Stores – U.S. and Canada	\$ 719.5	\$ 149.3	381.9%	\$ 719.5	\$ 880.5	(18.3%)
Victoria's Secret Direct	315.2	418.7	(24.7%)	315.2	255.0	23.6%
Victoria's Secret International ²	77.2	57.7	33.8%	77.2	119.0	(35.1%)
Total Victoria's Secret	\$ 1,111.9	\$ 625.7	77.7%	\$ 1,111.9	\$ 1,254.5	(11.4%)
Other	-	-	-	-	9.6	-
L Brands	\$ 2,350.9	\$ 1,369.2	71.7%	\$ 2,350.9	\$ 2,100.5	11.9%

¹ – Results include royalties associated with franchised stores and wholesale sales.

² – Results include company-operated stores in the U.K. (pre-joint venture) and Greater China, royalties associated with franchised stores and wholesale sales.

Total Company-Operated Stores:

	Stores at 1/30/21	Opened	Closed	Stores at 7/3/21
Bath & Body Works	1,633	31	(10)	1,654
Bath & Body Works Canada	103	-	-	103
Total Bath and Body Works	1,736	31	(10)	1,757
Victoria's Secret	703	-	(7)	696
PINK	143	-	-	143
Victoria's Secret Canada	23	1	-	24
PINK Canada	2	-	-	2
Victoria's Secret Beauty and Accessories	36	1	(1)	36
Victoria's Secret Greater China	26	-	-	26
Total Victoria's Secret	933	2	(8)	927
Total L Brands	2,669	33	(18)	2,684

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On May 11, 2021, L Brands, Inc. (the “Company”) announced that its Board of Directors unanimously approved a plan to separate L Brands, Inc. into two independent, public companies: Bath & Body Works and Victoria’s Secret, including PINK. The Company expects to create these companies through a tax-free spin-off of Victoria’s Secret to L Brands’ shareholders. On July 9, 2021, the Company’s Board of Directors approved the separation of the Victoria’s Secret business into an independent, publicly traded company (the “Separation”) by means of a distribution of 100% of the outstanding common stock of the newly created public company, Victoria’s Secret & Co. (“Victoria’s Secret”), on a pro rata basis to the Company’s existing shareholders. The distribution of Victoria’s Secret’s shares is expected to be completed after the market close on August 2, 2021, with L Brands’ shareholders receiving one share of Victoria’s Secret common stock for every three shares of L Brands common stock held at the close of business on the record date of July 22, 2021 (the “Distribution”). Only L Brands stockholders as of the close of business on the record date will receive Victoria’s Secret shares in the Distribution. The Distribution is subject to the satisfaction of a number of customary conditions. Upon completion of the Separation, the Company expects Victoria’s Secret will have \$1.0 billion of aggregate principal amount of indebtedness, and the Company expects \$977 million of cash, the proceeds of that indebtedness net of related fees and expenses, to be distributed to the Company. Victoria’s Secret has received approval for the listing of its common stock on the New York Stock Exchange under the symbol “VSCO.”

The following unaudited pro forma consolidated statements of income (loss) for the thirteen weeks ended May 1, 2021 and the fiscal years ended January 30, 2021, February 1, 2020 and February 2, 2019 reflect the results of operations as if the Distribution had occurred on February 4, 2018. The unaudited pro forma consolidated balance sheet as of May 1, 2021 assumes that the Distribution occurred as of May 1, 2021. The unaudited pro forma consolidated financial information should be read together with the Company’s historical consolidated financial statements and accompanying notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in its annual report on Form 10-K for the fiscal year ended January 30, 2021, and in its quarterly report on Form 10-Q for the thirteen weeks ended May 1, 2021.

The unaudited pro forma consolidated financial statements are presented based on information currently available, are intended for informational purposes, are not intended to represent what the Company’s consolidated statements of income (loss) and balance sheet actually would have been had the Separation occurred on the dates indicated above and do not reflect all actions that may be undertaken by the Company after the Distribution and disposition of Victoria’s Secret. In addition, the unaudited pro forma consolidated financial statements are not necessarily indicative of the Company’s results of operations and financial position for any future period.

The “Historical L Brands (as reported)” column in the unaudited pro forma consolidated financial statements reflects the Company’s historical consolidated financial statements for the periods presented and does not reflect any adjustments related to the Separation and related transactions.

The information in the “Discontinued Operations” column in the unaudited pro forma consolidated statements of income (loss) was derived from the Company’s consolidated financial statements and related accounting records for the thirteen weeks ended May 1, 2021 and the fiscal years ended January 30, 2021, February 1, 2020 and February 2, 2019, and reflects the operating results of, and costs to separate, Victoria’s Secret. Discontinued Operations does not include any allocation of general corporate overhead expense or interest expense of the Company to Victoria’s Secret. The information in the “Discontinued Operations” column in the unaudited pro forma consolidated balance sheet was derived from the Company’s consolidated financial statements and the related accounting records as of May 1, 2021, adjusted to include certain assets and liabilities that will be transferred to Victoria’s Secret pursuant to the Separation and Distribution agreement, and exclude certain liabilities related to Victoria’s Secret that will be retained by the Company in connection with the Separation. Discontinued Operations does not reflect what Victoria’s Secret’s results of operations would have been on a stand-alone basis, and are not necessarily indicative of future results of operations. Beginning in the third quarter of fiscal 2021, Victoria’s Secret’s historical financial results for periods prior to the Distribution will be reflected in the Company’s consolidated financial statements as discontinued operations.

The information in the “Pro Forma Adjustments” column in the unaudited pro forma consolidated financial statements was based on available information and assumptions that the Company’s management believes are reasonable, that reflect the impacts of events directly attributable to the Separation and related transactions that are factually supportable, and for purposes of the consolidated statements of income (loss), are expected to have a continuing impact on the Company. The pro forma adjustments do not reflect future events that may occur after the Separation, including potential selling, general and administrative dis-synergies and the expected charges, the expected realization of any cost savings and other synergies, or the usage of the expected cash distribution to be received from Victoria’s Secret in connection with the Separation.

The “Pro Forma L Brands” column is not necessarily indicative of future results nor does it reflect what the Company’s financial position and results of operations would have been as an independent public company during the periods presented.

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
THIRTEEN WEEKS ENDED MAY 1, 2021
(in millions, except per share amounts)

	Historical L Brands (as reported)	Discontinued Operations (A)	Pro Forma Adjustments	Pro Forma L Brands
Net Sales	\$ 3,024	\$ (1,554)	\$ —	\$ 1,470
Costs of Goods Sold, Buying and Occupancy	1,610	(882)	—	728
Gross Profit	1,414	(672)	—	742
General, Administrative and Store Operating Expenses	842	(437)	—	405
Operating Income	572	(235)	—	337
Interest Expense	114	—	—	114
Other Loss	105	—	—	105
Income from Continuing Operations Before Income Taxes	353	(235)	—	118
Provision for Income Taxes	76	(48)	—	28
Net Income from Continuing Operations	<u>\$ 277</u>	<u>\$ (187)</u>	<u>\$ —</u>	<u>\$ 90</u>
Net Income Per Share from Continuing Operations:				
Basic	\$ 0.99			\$ 0.32
Diluted	\$ 0.97			\$ 0.32
Weighted Average Number of Shares Outstanding:				
Basic	279			279
Diluted	284			284

See Notes to Unaudited Pro Forma Consolidated Financial Statements

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FISCAL YEAR ENDED JANUARY 30, 2021
(in millions, except per share amounts)

	Historical L Brands (as reported)	Discontinued Operations (A)	Pro Forma Adjustments	Pro Forma L Brands
Net Sales	\$ 11,847	\$ (5,413)	\$ —	\$ 6,434
Costs of Goods Sold, Buying and Occupancy	7,180	(3,842)	—	3,338
Gross Profit	4,667	(1,571)	—	3,096
General, Administrative and Store Operating Expenses	3,087	(1,596)	—	1,491
Operating Income	1,580	25	—	1,605
Interest Expense	438	(6)	—	432
Other Loss	50	1	—	51
Income from Continuing Operations Before Income Taxes	1,092	30	—	1,122
Provision for Income Taxes	248	9	—	257
Net Income from Continuing Operations	<u>\$ 844</u>	<u>\$ 21</u>	<u>\$ —</u>	<u>\$ 865</u>
Net Income Per Share from Continuing Operations:				
Basic	\$ 3.04			\$ 3.11
Diluted	\$ 3.00			\$ 3.07
Weighted Average Number of Shares Outstanding:				
Basic	278			278
Diluted	281			281

See Notes to Unaudited Pro Forma Consolidated Financial Statements

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS)
FISCAL YEAR ENDED FEBRUARY 1, 2020
(in millions, except per share amounts)

	Historical L Brands (as reported)	Discontinued Operations (A)	Pro Forma Adjustments	Pro Forma L Brands
Net Sales	\$ 12,914	\$ (7,509)	\$ —	\$ 5,405
Costs of Goods Sold, Buying and Occupancy	8,464	(5,446)	—	3,018
Gross Profit	4,450	(2,063)	—	2,387
General, Administrative and Store Operating Expenses	3,472	(2,125)	—	1,347
Impairment of Goodwill	720	(720)	—	—
Operating Income	258	782	—	1,040
Interest Expense	378	(8)	—	370
Other Loss	61	1	—	62
Income (Loss) from Continuing Operations Before Income Taxes	(181)	789	—	608
Provision for Income Taxes	185	(37)	—	148
Net Income (Loss) from Continuing Operations	<u>\$ (366)</u>	<u>\$ 826</u>	<u>\$ —</u>	<u>\$ 460</u>
Net Income (Loss) Per Share from Continuing Operations:				
Basic	\$ (1.33)			\$ 1.66
Diluted	\$ (1.33)			\$ 1.65
Weighted Average Number of Shares Outstanding:				
Basic	276			276
Diluted	276			278

See Notes to Unaudited Pro Forma Consolidated Financial Statements

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FISCAL YEAR ENDED FEBRUARY 2, 2019
(in millions, except per share amounts)

	Historical L Brands (as reported)	Discontinued Operations (A)	Pro Forma Adjustments	Pro Forma L Brands
Net Sales	\$ 13,237	\$ (8,103)	\$ —	\$ 5,134
Costs of Goods Sold, Buying and Occupancy	8,338	(5,414)	—	2,924
Gross Profit	4,899	(2,689)	—	2,210
General, Administrative and Store Operating Expenses	3,563	(2,173)	—	1,390
Loss on Divestiture of La Senza	99	2	—	101
Operating Income	1,237	(518)	—	719
Interest Expense	385	(2)	—	383
Other Income	5	7	—	12
Income from Continuing Operations Before Income Taxes	857	(509)	—	348
Provision for Income Taxes	213	(154)	—	59
Net Income from Continuing Operations	<u>\$ 644</u>	<u>\$ (355)</u>	<u>\$ —</u>	<u>\$ 289</u>
Net Income Per Share from Continuing Operations:				
Basic	\$ 2.33			\$ 1.04
Diluted	\$ 2.31			\$ 1.04
Weighted Average Number of Shares Outstanding:				
Basic	276			276
Diluted	279			279

See Notes to Unaudited Pro Forma Consolidated Financial Statements

L BRANDS, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF MAY 1, 2021
(in millions, except par value amounts)

	<u>Historical L Brands (as reported)</u>	<u>Discontinued Operations (A)</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma L Brands</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 2,807	\$ (332)	\$ 1,059	(B)	\$ 3,534
Accounts Receivable, Net	221	(111)	—		110
Inventories	1,397	(761)	—		636
Other	187	(93)	—		94
Total Current Assets	4,612	(1,297)	1,059		4,374
Property and Equipment, Net	2,030	(1,036)	—		994
Operating Lease Assets	2,596	(1,602)	—		994
Goodwill	628	—	—		628
Trade Names	411	(246)	—		165
Deferred Income Taxes	72	(11)	—		61
Other Assets	197	(51)	—		146
Total Assets	\$ 10,546	\$ (4,243)	\$ 1,059		\$ 7,362
LIABILITIES AND EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	\$ 735	\$ (366)	\$ —		\$ 369
Accrued Expenses and Other	1,292	(631)	—		661
Current Operating Lease Liabilities	504	(356)	—		148
Income Taxes	149	(9)	—		140
Total Current Liabilities	2,680	(1,362)	—		1,318
Deferred Income Taxes	245	(100)	—		145
Long-term Debt	5,344	—	—		5,344
Long-term Operating Lease Liabilities	2,504	(1,541)	—		963
Other Long-term Liabilities	306	(22)	—		284
Shareholders' Equity (Deficit):					
Preferred Stock - \$1.00 par value	—	—	—		—
Common Stock - \$0.50 par value	144	—	—		144
Paid-in Capital	903	—	—		903
Accumulated Other Comprehensive Income	86	(7)	—		79
Retained Earnings (Accumulated Deficit)	(1,144)	(1,211)	1,059	(C)	(1,296)
Less: Treasury Stock, at Average Cost	(523)	—	—		(523)
Total L Brands, Inc. Shareholders' Equity (Deficit)	(534)	(1,218)	1,059		(693)
Noncontrolling Interest	1	—	—		1
Total Equity (Deficit)	(533)	(1,218)	1,059		(692)
Total Liabilities and Equity (Deficit)	\$ 10,546	\$ (4,243)	\$ 1,059		\$ 7,362

See Notes to Unaudited Pro Forma Consolidated Financial Statements

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated statements of income (loss) for the thirteen weeks ended May 1, 2021 and the fiscal years ended January 30, 2021, February 1, 2020 and February 2, 2019, and the unaudited pro forma consolidated balance sheet as of May 1, 2021 includes the following adjustments:

- (A) Reflects the discontinued operations of Victoria's Secret, including the associated assets, liabilities, equity and results of operations and the non-recurring costs, primarily consisting of professional fees, that are directly related to the Separation. Certain liabilities related to Victoria's Secret and certain general corporate overhead expenses that were not specifically related to Victoria's Secret were excluded, as they did not meet the discontinued operations criteria.
 - (B) Reflects the expected cash distribution from Victoria's Secret to the Company in connection with the Separation. Upon completion of the Separation, the Company expects Victoria's Secret will have \$1.0 billion of aggregate principal amount of indebtedness, and the Company expects \$977 million of cash, the proceeds of that indebtedness net of related fees and expenses, to be distributed to the Company. Additionally, the Company expects that Victoria's Secret will transfer cash of approximately \$82 million, to be effected prior to Separation, to provide Victoria's Secret with approximately \$250 million in cash at the time of Separation.
 - (C) Reflects the impact to the Company's shareholders' equity from the pro forma adjustment described in note (B).
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