

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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 29, 2022  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

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)

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

31-1029810  
(I.R.S. Employer Identification No.)

43230  
(Zip Code)

Registrant's telephone number, including area code (614) 415-7000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.50 Par Value	BBWI	The New York Stock Exchange

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$21.2 billion.

Number of shares outstanding of the registrant's Common Stock as of March 11, 2022: 238,910,116.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference into Part III.

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## PART I

### ITEM 1. BUSINESS.

#### General

The company, which was founded in 1963 in Columbus, Ohio, has evolved over time from an apparel-based specialty retailer to a segment leader focused on home fragrance, body care products and soaps and sanitizer products operating under the Bath & Body Works, White Barn and other brand names. On August 2, 2021, the company completed the spin-off of its Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company ("Victoria's Secret & Co." and such transaction, the "Separation") on a tax-free basis. Accordingly, the operating results of the Victoria's Secret business are reported as discontinued operations for all periods presented. All discussion within this Annual Report on Form 10-K, including amounts, percentages and disclosures for all periods presented, reflect only the continuing operations of the company unless otherwise noted. In connection with the spin-off of the Victoria's Secret business, the company changed its name from L Brands, Inc. to Bath & Body Works, Inc. ("we," the "Company" or "Bath & Body Works"). Additionally, starting August 3, 2021, our common stock began trading under the stock symbol "BBWI."

We make the world a brighter, happier place through the power of fragrance. This idea is what we were founded on, and it's at the heart of everything we do. We're a team that cares about our customers and believes in giving them a reason to celebrate with fragrance every day. We remain committed to fostering a diverse, equitable and inclusive culture that is focused on delivering exceptional fragrances and experiences. We work hard to improve our communities and our planet because we believe the world is a better place whenever everyone has access to the things that make them happy. We are one of the world's leading specialty retailers and home to America's Favorite Fragrances® offering a breadth of exclusive fragrances for the body and home, including the number one selling collections for fine fragrance mist, body lotion and body cream, 3-wick candles, home fragrance diffusers and liquid hand soap. For more than 30 years, customers have looked to Bath & Body Works for quality, on-trend products and the newest, freshest fragrances.

We believe we benefit from global brand awareness, a wide and compelling product assortment and a deep connection with our customers. As of January 29, 2022, our merchandise is sold through 1,755 company-operated stores and e-commerce sites in the United States of America ("U.S.") and Canada, and in 338 stores and 27 e-commerce sites in more than 35 other countries operating under franchise, license and wholesale arrangements.

#### Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "2021," "2020" and "2019" refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

#### Our Competitive Strengths

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

##### *Industry Leading Brands and Products*

We have developed and operate a well-known, beloved and broadly appealing brand, which allows us to target markets across the economic spectrum, across demographics and across the world. Customers look to us to celebrate the season, transport them to a time and place, decorate their home, and find the perfect gift. During 2021, we grew our active customer file to over 60 million customers, an increase of 13% compared to pre-coronavirus pandemic levels. We benefit from a diverse range of customers who are loyal brand enthusiasts, with retention rates over 60% and increasing levels of average spend in 2021.

We have developed trusted and market leading products in the body care, home fragrance, and soap and sanitizer categories. Our products are differentiated through a combination of fragrance, packaging and quality at an accessible price. We also sell products under our trusted sub brands, including White Barn and Aromatherapy.

##### *In-Store Experience and Store Operations*

We view our customers' in-store experience as an important vehicle for communicating the image of our brand. We utilize visual presentation of merchandise, in-store marketing, music and our sales associates to reinforce the image represented by our brand. Our in-store marketing is designed to convey the principal elements and personality of our brand. The store design, visual marketing and storytelling, fixtures, scents, and music are all carefully planned and coordinated to create a unique shopping experience. We display merchandise uniformly to ensure a consistent store experience, regardless of location. Store managers receive detailed plans designating fixture and merchandise placement to ensure coordinated execution of the Company-wide merchandising strategy. Our sales associates and managers are a central element in creating the atmosphere of the stores by providing a high level of customer service.

### ***Digital Experience***

In addition to our in-store experience, we strive to create a customer-centric digital platform that integrates the digital and physical brand experience and enables convenience for the customer when desired. Our digital presence, including social media, our websites and our mobile applications, allows us to get to know our customers better and communicate with them anytime and anywhere.

### ***Product Development, Sourcing and Logistics***

Quality and innovation are at the core of our sourcing strategy. We seek to drive efficiencies and mitigate risk through our strong technical research and prolific product development. We believe a large part of our success comes from frequent new fragrances, packaging and other product launches. Our merchant, design and sourcing teams have a long history of bringing innovative and covetable products to our customers.

Our strategic vendor relationships provide deep capabilities across our product categories. Our supply base, which is predominantly located in North America, includes numerous long-standing vendor relationships. We also utilize the Beauty Park, a business park that includes several vendors in our vertically-integrated supply chain within close proximity of our Columbus, Ohio distribution centers. We believe the partnerships with our vendors help to deliver high-quality products to our customers and enable us to respond quickly to shifting consumer trends.

We utilize Company-owned distribution centers located in the Columbus, Ohio area to support our operations. We also utilize third-party regional distribution centers located throughout North America that enable us to position inventory geographically closer to stores. Additionally, we utilize third-party operated direct channel fulfillment centers, and pop-up third-party operated fulfillment facilities throughout North America to support peak needs. Finally, we are investing in a new Company-operated fulfillment center in Columbus, Ohio to support the anticipated future growth of our online business.

### ***Experienced and Committed Management Team***

Our senior management team has a wealth of retail and business experience at Bath & Body Works, Inc. and other companies such as Ann Taylor and Loft, Banana Republic, Ross Stores, Abercrombie & Fitch, Madewell, Carter's, Rosetta Stone, IBM, KPMG and Accenture. We believe that we have one of the most experienced management teams in retail.

### ***Growth Strategy***

#### ***Growth in existing categories***

We believe that we are well positioned to capitalize on a growing market and will continue to innovate and drive the market through new forms, new fragrances and additional products. Our products are designed to be used daily and replenished frequently. Our product pipeline is full and we expect to continue to launch new fragrances and products about every four to six weeks. We believe we have opportunity for growth in our existing categories through the constant flow of new product launches, formula upgrades and packaging refreshes, which drives traffic and repeat customers. In the near term, we plan on repackaging many of our best-selling fragrances, upgrading certain of our formulas and testing various new container and vessel concepts in candles and soaps.

#### ***Growth in new or adjacent categories***

We are also focused on innovation into new categories and new forms, such as recent launches of spray sanitizers and bar soaps. We see growth opportunities by leveraging current strengths into new categories such as men's and wellness products, facial skincare, hair care, home care, and adjacent cleanser, moisturizing and candle categories. Our men's collection has been the fastest growing part of our body care assortment during 2021, and we will continue to focus on and expand the collection. Men's antiperspirant and deodorant is currently featured in about one-third of our stores, and we plan to introduce these products to all stores in 2022. We are also testing an expanded men's shop in a few stores, which will include an expanded men's assortment featuring hair care, beard care, face and shave.

We are also focused on developing clean and eco-friendly products for our customers and our planet. We recently introduced recycled plastics across certain categories. By the end of 2022, we plan to have all of our plastic bottles made from a minimum of 50%, and up to 100%, of post-consumer recycled content.

#### ***Growth in direct channel***

We see a significant opportunity for growth in the direct channel (also referred to as digital or e-commerce) by continuing to invest in capabilities to provide an exceptional customer experience. We are continuously improving the online experience by enhancing graphics, video and the marketing/content mix, as well as making our websites and mobile application easier to navigate. To increase speed to our customers, we upgraded the order management system and are investing in a Company-operated direct channel fulfillment center to complement the six permanent third-party operated direct channel fulfillment

centers we utilize. Over time, we expect this additional fulfillment center, which will be highly automated, will support the growth of our direct channel.

We are focused on omnichannel initiatives and enhanced capabilities to engage our customers how, when and where they want, including offering buy online, pick-up in store ("BOPIS") at approximately 550 locations as of January 29, 2022. We plan to introduce BOPIS to approximately 250 additional stores in the near term. Our increased focus on mobile and application interactions will continue to provide flexibility and convenience to our customers, while creating a seamless shopping experience. Our shopping and services initiatives will continue to modernize the customer's digital shopping experience through features like a loyalty program, shoppable mobile application and auto-replenishment. Further, with our customer at the core of our strategy, we are also increasing the personalization of our digital platforms through site experience and expanded text messaging marketing designed for our customers.

During 2021, we launched a Company-operated e-commerce website servicing our customers in Canada. In 2022, we plan to introduce our new customer loyalty program to our entire chain of U.S. stores. We have been piloting the loyalty program in select markets and have been encouraged by the results. Our loyalty members generally have higher spend and retention rates than our average customer. The program will also provide us with in-depth customer data that will enable us to market more effectively.

### ***Growth internationally***

We believe that there is substantial opportunity for international growth. Scaling opportunities in existing markets coupled with growth in new markets set the foundation for sustained growth. We believe our fragrance portfolio allows successful olfactive distortions to local preferences. Our franchise partners are committed to greater expansion and opened 50 net new stores in 2021, bringing the total to 338 internationally as of January 29, 2022. Our partners plan to open 70 to 100 new international stores in 2022. Additionally, we expect to continue growing the digital components of our international business, including through country-specific web platforms tailored to local languages and preferences and through additional regional expansion. As of January 29, 2022, our partners operated 27 international websites, an increase of 6 from January 30, 2021.

### **Real Estate**

#### ***Company-operated Stores***

We have a diversified store portfolio in the U.S. and Canada across venue tiers and types, with approximately half of our fleet located in shopping malls and half of our fleet located off-mall. We are continuing our off-mall expansion to limit our exposure to vulnerable mall locations. As a result of our strong brand and established retail presence, we have been able to lease high-traffic locations in most retail centers in which we operate. We proactively manage our stores and adjust our investment levels based on performance.

Our White Barn store design has delivered increased sales and profitability, with increases in sales and traffic following remodel completion. Approximately 60% of our stores were in the White Barn store design as of January 29, 2022, and we expect to remodel approximately 50% of the remaining core stores over the next two to four years.

Over time, we expect low-single digit annual increases in North American square footage, with off-mall penetration increasing. We will open new stores in emerging non-mall venues or as replacement stores for non-viable malls, while closing stores in non-viable or declining malls. During 2021, we increased our net square footage by 3% through 54 new off-mall stores and 79 remodels, partially offset by 35 store closures, principally in malls.

We are planning approximately 150 total real estate projects in 2022, consisting of approximately 100 new off-mall stores and approximately 50 remodels to the White Barn store design, offset by about 40 to 50 mall closures, yielding expected square footage growth of approximately 6%.

The following table provides the number of our Company-operated retail stores in operation as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
United States	1,651	1,633
Canada	104	103
<b>Total</b>	<b>1,755</b>	<b>1,736</b>

The following table provides the changes in the number of our Company-operated retail stores for the past three fiscal years:

	Beginning of Year	Opened	Closed	End of Year
2021	1,736	54	(35)	1,755
2020	1,739	27	(30)	1,736
2019	1,721	39	(21)	1,739

### ***Franchise, License and Wholesale Arrangements***

In addition to our Company-operated stores, our products are sold at partner-operated locations and websites in more than 35 countries. Our partner-based business model allows us to own assortment, pricing architecture, promotions, store designs and real estate approval while our partners make investments as experts in local real estate, people and practices.

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

The following table provides the number of international stores operated by our partners as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
International	317	270
International - Travel Retail	21	18
<b>Total</b>	<b>338</b>	<b>288</b>

Our partners operated 27 websites as of January 29, 2022, compared to 21 websites as of January 30, 2021.

### **Additional Information**

#### ***Merchandise Vendors***

During 2021, we purchased merchandise from approximately 125 vendors, primarily located in North America. Our largest vendor supplied approximately 12% of our total merchandise purchases, while no other single vendor provided more than 10% of our merchandise purchases. Our five largest vendors supplied approximately 35% of our total merchandise purchases on a combined basis during 2021.

#### ***Distribution and Merchandise Inventory***

Most of our merchandise is produced in the U.S. and is shipped to our distribution centers in the Columbus, Ohio area. In addition to our Company-operated distribution centers, we also utilize third-party logistics providers to warehouse and distribute product throughout North America. We proactively evaluate our distribution channels to ensure we are able to provide the right product at the right place to meet or exceed our customers' expectations. Our policy is to maintain sufficient quantities of inventories on hand in our retail stores, fulfillment and distribution centers to enable us to meet customer demand.

We continue to actively manage our inventory to adjust for the impacts of the coronavirus ("COVID-19") pandemic, including channel shifts and product category shifts. The current environment requires unprecedented agility, and we believe we are leveraging the speed that we have in our supply chain, our close partnerships with our suppliers and the capabilities of our sourcing, production and logistics teams to respond quickly.

### **Information Systems**

Our management information systems consist of a full range of retail, financial and merchandising systems. The systems include applications related to point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management, data security and support systems including human resources and finance. Victoria's Secret & Co. currently administers and maintains operations of existing technology and serves as the technology service provider to us under a transition services agreement we entered into in connection with the Separation ("TSA"). Initiatives to separate systems are underway and will occur over a multi-year time period.

### **Seasonal Business**

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

### **Working Capital**

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

### **Regulation**

We and our products are subject to regulation by various federal, state, local and foreign regulatory authorities. We are subject to a variety of tax and customs regulations and international trade arrangements.

### **Trademarks and Patents**

Our trademarks and patents, which constitute our primary intellectual property, have been registered or are the subject of pending applications in the U.S. Patent and Trademark Office and with the registries of many foreign countries and/or are protected by common law. We believe our products are identified by our intellectual property and, thus, our intellectual property is of significant value. Accordingly, we intend to maintain our intellectual property and related registrations and vigorously protect our intellectual property assets against infringement.

### **Other Information**

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

### **Competition**

The sale of home fragrance, body care products and soaps and sanitizer products is a highly competitive business with numerous competitors, including individual and chain specialty stores, department stores, online retailers and discount retailers. Brand image, presentation, marketing, design, price, service, fulfillment, assortment and quality are the principal competitive factors.

### **Human Capital Management**

#### **Human Capital**

At Bath & Body Works, our purpose goes beyond selling product. We work to make a difference in our communities and foster a safe, welcoming and empowering workplace for our thousands of associates.

The Human Capital and Compensation Committee of the Company's Board of Directors oversees, amongst other things, the Company's programs, policies, practices and strategies relating to culture, talent, diversity, equity and inclusion, equal employment opportunities and the Company's executive compensation and succession plans.

#### **Workforce Demographics**

As of January 29, 2022, we employed approximately 56,900 associates, 48,100 of whom were part-time. The Company supplements resources using temporary associates during peak periods, such as the Christmas holiday season. Approximately 88% of our associates work in our stores, 3% in distribution centers and the balance work in home offices. None of our associates in the U.S. are covered by a collective bargaining agreement.

Our customer base is predominantly women, and we ensure that we reflect this in our associate population and in our Board room. As of January 29, 2022, women make up approximately 90% of our workforce and 44% of the members of our Board of Directors (the "Board"). Our Board is led by Sarah E. Nash, who served as Chair of the Board from May 2020 until February 22, 2022, when she assumed the role of Executive Chair.

## ***Focus on Inclusion***

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

Led by our Office of Inclusion and with oversight from the Human Capital and Compensation Committee, we have built an inclusion strategy with five key pillars:

- Increase the diversity of candidate slates and hires for all roles.
- Develop, deploy and ensure completion of required diversity, equity and inclusion training at all levels to bring awareness and education to associates on diversity, equity and inclusion.
- Improve retention of diverse associates at all levels. Monitor culture changes and employee satisfaction through survey results and implement adjustments to better serve our associates.
- Increase volunteerism and giving to organizations promoting racial equity and social justice.
- Increase spend with minority-owned vendors.

More than 97% of our associates at the director level and above have completed training on diversity, equity and inclusion which includes training on bias, equity and conscious inclusion. The training, which will be introduced to all associates throughout the Company in 2022, emphasizes both the Company's and associates' responsibility to build an inclusive culture and accountability for senior leaders.

In addition, we have Inclusion Resource Groups that provide opportunities for associates to connect with one another around their shared passion for creating an inclusive workplace for all associates. These groups provide professional development for associates, support the needs of the business, help shape the culture of our Company and provide engagement and volunteerism in the community. We have associates who are members of the six Inclusion Resource Groups designed for associates who identify as, or are allies of, the following groups: Hispanic and Latinx; LGBTQIA+; Black and African American; Asian and Pacific Islander; entry level and junior or early career professionals; and women. During fiscal year 2021, we hosted 70 virtual events with approximately 10,000 attendees, and our associates have volunteered over 2,000 hours of time to non-profits in the communities where our associates are based.

The Company was recognized by The Human Rights Campaign's Corporate Equality Index as a 2022 "Best Place to Work for LGBTQIA+ Equality." For the fifth year in a row, the Company received a perfect - 100% - score on the index, which rates companies on detailed criteria in the following four areas:

- Non-discrimination policies across business entities;
- Equitable benefits for LGBTQIA+ workers and their families;
- Supporting inclusive culture; and
- Corporate social responsibility.

This designation recognizes our ongoing commitment to diversity, equity and inclusion.

## ***Commitment to Equitable and Competitive Wages***

We are committed to equal opportunity and treatment for all associates which includes equal career advancement opportunities and equitable and competitive wages. Our commitment to pay equity is evaluated by conducting periodic assessments of pay equity based on gender, race and ethnicity. In addition, we evaluate fairness of total compensation with reference to both internal and external comparisons.

Our compensation programs are designed to link annual changes in compensation to overall Company performance, as well as each individual's contribution to the results achieved. Our pay for performance philosophy includes participation of all salaried associates in the home offices and distribution centers in our short-term cash incentive compensation program. The emphasis on overall Company performance is intended to align the associates' financial interests with the interests of our stockholders.

## ***Commitment to Providing Quality Benefits***

We offer competitive, performance-based compensation; a company-matched savings and retirement plan; and flexible and affordable health, wellness and lifestyle benefits. Subject to certain eligibility requirements, associates can choose benefits and resources that fit their lifestyle, including, but not limited to, 14 weeks paid maternity leave, six weeks paid paternity leave, tuition reimbursement, free access to life planning services and a generous merchandise discount.



During 2021, we enhanced our benefits by extending mental health benefits to include both full-time and ongoing/non-seasonal part-time associates and their household members and dependents. In addition, we expanded adoption to include surrogacy coverage, and expanded our bereavement leave time and tuition assistance benefits.

### ***Associate Engagement and Development***

We are committed to investing in all our associates. In 2021, we conducted a survey to assess associate engagement, culture, leadership communication and effectiveness, diversity and inclusion efforts, work-life balance and career development. In 2021, 89% of associates responded to the survey with an 85% favorable engagement rate. Leaders created action plans that were incorporated into their annual goals in response to input received via the survey.

We provide diverse learning opportunities and challenging work experiences. We believe that associates can reach their career goals through multiple roles, career paths and locations. We offer a variety of enrichment experiences for those joining us as interns, new graduates, in mid-career or as a capstone to a career. Examples include:

- Development Days: Dedicated time to advance technical, creative or business skills.
- Leadership Development: Courses for associates in management positions to build critical skills and grow as effective leaders.
- Merchant-in-Training Program: Immersive program to learn the profession both on the job and from experts in the classroom.
- Onboarding: Dedicated time to learn the business and to form important relationships for mentoring and development.
- Tuition Assistance: Reimbursement of 100% of eligible tuition expenses, up to \$3,000 per calendar year.

### ***Safety Is Our Priority***

The health and safety of our associates, customers and vendors is our highest priority. We provide safe and clean facilities, comply with all applicable workplace safety laws and have global safety policies and procedures to protect from avoidable injury.

In response to the COVID-19 pandemic, we implemented robust safety protocols to protect associates working in our distribution centers, stores and home offices. The vast majority of associates whose work can be done remotely are working from home. For associates who are working in our stores, offices and distribution centers, we are utilizing COVID-19 safety measures developed to align with or exceed Centers of Disease Control ("CDC") guidelines.

### ***Code of Conduct***

We have a written Code of Conduct that is based on our values and is a resource where associates can find information that defines behaviors that are acceptable and those that are not. We conduct an annual Code of Conduct compliance process which requires associates to complete a Code of Conduct disclosure and a separate training course.

We maintain an Ethics Hotline, operated by a third-party, 24 hours a day, 7 days a week where associates may anonymously report potential instances of unethical conduct and potential violations of law or Company policies.

### ***Executive Officers of Registrant***

At the end of 2021, our executive officers were as follows:

- Andrew M. Meslow, 52, has been our Chief Executive Officer ("CEO") since May 2020 and has had senior leadership positions with Bath & Body Works since 2005. Mr. Meslow, who joined the Company in 2003, has 30 years of experience in the retail industry, including previous roles at Ann Taylor and Banana Republic;
- Wendy C. Arlin, 51, has been our Executive Vice President and Chief Financial Officer since August 2021. Prior to that, Ms. Arlin served as our Corporate Controller since joining the Company in 2005;
- James L. Bersani, 63, has been our President of Real Estate since March 2014 and has led our real estate function since April 2006. Mr. Bersani has held a variety of roles in the real estate department with increasing leadership since joining the Company in 1986;
- Julie B. Rosen, 56, has been our President of Bath & Body Works since September 2020. Prior to joining the Company, Ms. Rosen was President at Ann Taylor and Loft from 2016 to 2020. She also ran her own retail consulting business with clients including Nike, Theory and Bare Escentuals and has retail experience at Banana Republic and Gap;

- Deon N. Riley, 54, has been our Chief Human Resources Officer since December 2020. Ms. Riley joined the Company from Ross Stores, Inc., where she was the Group Senior Vice President for Human Resources, Culture, Diversity and Inclusion from 2012 to 2020, and also previously served in leadership roles at Abercrombie & Fitch Co.;
- Michael C. Wu, 55, has been our Chief Legal Officer and Secretary since May 2021. Prior to joining, Mr. Wu was the Chief Legal Officer and Corporate Secretary at Madewell, Inc. from 2019 to 2020, and was the Senior Vice President, General Counsel and Secretary at Carter's, Inc. from 2014 to 2019. He also had prior leadership roles at Rosetta Stone, Inc. and Teleglobe International Holding Ltd.; and
- Chris T. Cramer, 50, has been our Chief Operating Officer since September 2020 and has held various senior leadership positions with the Company since 2001.

On February 23, 2022, we announced that Mr. Meslow will step down as CEO and as a member of our Board due to health reasons, effective May 12, 2022. Sarah E. Nash, Chair of the Board, was appointed Executive Chair on February 22, 2022, and will assume the role of Interim CEO upon Mr. Meslow's departure. Our Board is in the process of retaining a national search firm to assist in identifying a permanent CEO.

In February 2021, we announced Stuart B. Burgdoerfer's intention to retire from the Company effective in August 2021. At the request of the Board, Mr. Burgdoerfer continued to serve as Executive Vice President and Chief Financial Officer through the completion of the Separation and was the executive leading the Separation process. On August 2, 2021, the Board appointed Wendy C. Arlin as Executive Vice President and Chief Financial Officer, and Mr. Burgdoerfer retired from the Company on August 20, 2021.

#### **Available Information**

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

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our website at [www.bbwinc.com](http://www.bbwinc.com).

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

Bath & Body Works, Inc.  
Investor Relations Department  
Three Limited Parkway  
Columbus, Ohio 43230

## ITEM 1A. RISK FACTORS.

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” 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 Company or our management:

- general economic conditions, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- the anticipated benefits from the Victoria's Secret & Co. spin-off may not be realized;
- the spin-off of Victoria's Secret & Co. may not be tax-free for U.S. federal income tax purposes;
- our dependence on Victoria's Secret & Co. for information technology services;
- 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 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 and wholesale 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 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 brand, 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 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
  - changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and 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;
- 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 & Co. during the term of the Transition Services Agreement, 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 or refinance our debt and maintain compliance with our restrictive covenants;
- the impact of the transition from London Interbank Offered Rate ("LIBOR") and our ability to adequately manage such transition;
- 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.

The following discussion of risk factors contains "forward-looking statements." These risk factors may be important to understanding any statement in this Annual Report on Form 10-K, other filings or in any other discussions of our business. The following information should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation and Item 8. Financial Statements and Supplementary Data.

In addition to the other information set forth in this report, the reader should carefully consider the following factors which could materially affect our business, financial condition or future results. The risks described below are not our only risks. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also adversely affect our business, operating results and/or financial condition in a material way.

#### **Risks related to our business:**

**Our net sales, profit results and cash flows are sensitive to, have been affected by and may in the future be further impacted by, general economic conditions, inflation, consumer confidence, spending patterns, significant health hazards or pandemics, weather or other market disruptions.**

Our net sales, profit, cash flows and future growth may be affected by negative local, regional, national or international political or economic trends or developments that reduce consumers' ability or willingness to spend. These risks, which can vary substantially by country, include political, financial or social instability or conditions, geopolitical events, corruption, anti-American sentiment, social and ethnic unrest, military conflicts and terrorism, as well as changes in general economic conditions (including consumer spending, unemployment levels and wage and commodity inflation). In addition, market disruptions due to natural disasters, significant health hazards or pandemics, or other major events or the prospect of these events could also impact consumer spending and confidence levels. Extreme weather conditions in the areas in which our stores are located, particularly in markets where we have multiple stores, could adversely affect our business. Purchases of our products may decline during periods when economic or market conditions are unsettled or weak. In such circumstances, we may increase the number of promotional sales, which could have a material adverse effect on our results of operations, financial condition and cash flows.

**The COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations.**

The COVID-19 pandemic continued to impact our business and results of operations in fiscal year 2021. While many of our stores were open for most of the year, reduced consumer confidence and changes in shopping patterns adversely impacted store

traffic during certain portions of the year, as more consumers were either not shopping or choosing to shop online as a result of the COVID-19 pandemic. Additionally, resurgences of COVID-19 cases led to temporary store closures for portions of the year in certain markets and have impacted, and continue to impact, our supply chain partners, including third-party manufacturers, logistics providers and other vendors. Current vessel, container and other transportation shortages, labor shortages and port congestion globally have delayed and may continue to delay inventory orders and, in turn, deliveries to our customers and availability in our stores and e-commerce sites. Conversely, in the first quarter of 2021, our operating results benefited from customers receiving government stimulus payments related to the COVID-19 pandemic. These stimulus payments are not expected to be reinstated in the near term and, therefore, the benefit to operating results we realized in the first quarter of 2021 due to the stimulus payments is not expected to reoccur. During this period, we are focused on protecting the health and safety of our customers, associates, contractors, suppliers and other business partners. We are also working with our suppliers to minimize potential disruptions, while managing our business in response to a changing dynamic. Due to the uncertainty of COVID-19 and the speed at which the pandemic continues to impact our markets, we are continuing to assess the situation, including government-imposed restrictions, market by market.

We are unable to accurately predict the full impact that COVID-19, including the potential of new variants (which may be more contagious or severe, and may be less responsive to vaccines or treatments), will have on our operations going forward due to uncertainties which will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unknowable duration and spread of the COVID-19 pandemic, actions taken to limit the spread, and the public's willingness to comply with such actions, the availability and efficacy of a vaccine and positive treatments for COVID-19, and the impact of governmental regulations that might be imposed in response to the pandemic. Numerous state, local and foreign jurisdictions have imposed, and others in the future may impose, shelter-in-place orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Such orders, restrictions and changes in consumer behavior have negatively impacted our operations, especially in our stores and supply chain. In addition to these more near-term impacts, we are unable to accurately predict the full impact COVID-19 will have on our longer-term operations as well, particularly with respect to our current mix of merchandise offerings, event-based categories and store traffic trends.

To the extent COVID-19 adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

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

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

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

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

On August 2, 2021, we completed the separation of the Bath & Body Works and Victoria's Secret businesses. We may incur significant additional expenses and challenges in connection with the separation of the Victoria's Secret business, which may include expenses and challenges related to our separation from the Victoria's Secret information technology environment. We are now a smaller and less diversified business than before the Separation, which could make us more vulnerable to changing market and economic conditions. Additionally, a potential loss of synergies from the Separation could negatively impact our results of operations, financial condition and cash flows. In addition, we may not be able to achieve the full strategic and financial benefits that are expected to result from the Separation and the anticipated benefits of the Separation are based on a number of assumptions, some of which may prove incorrect. If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, our business could be harmed.

**The Separation could result in substantial tax liability to us and our stockholders.**

We received an opinion of counsel to the effect that, for U.S. federal income tax purposes, the spin-off and certain related transactions qualify for tax-free treatment under certain sections of the Internal Revenue Code. However, the opinion relies on certain assumptions, representations and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such assumptions, representations and undertakings were incorrect. Furthermore, the opinion is not binding on the Internal Revenue Service ("IRS") or the courts. If, notwithstanding receipt of the opinion, the spin-off or certain related transactions are determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spin-off is taxable, each holder of our common stock who received shares of Victoria's Secret & Co. in connection with the spin-off would generally be treated as receiving a taxable dividend in an amount equal to the fair market value of the shares received.

Even if the spin-off otherwise qualifies as a tax-free transaction, the distribution would be taxable to us (but not to our stockholders) in certain circumstances if future significant acquisitions of our stock or the stock of Victoria's Secret & Co. are determined to be part of a plan or series of related transactions that included the spin-off. In this event, the resulting tax liability could be substantial. In connection with the spin-off, we entered into a Tax Matters Agreement with Victoria's Secret & Co., pursuant to which Victoria's Secret & Co. agreed to not enter into any transaction that could cause the spin-off or any related transactions to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction. In addition, these potential tax liabilities may discourage, delay or prevent a change of control of us.

**Victoria's Secret & Co. continues to provide information technology services to us on a transitional basis, and we may incur significant costs to perform these services ourselves following the transition period. Any inadequacy, interruption, integration failure or security failure of this technology could harm our ability to effectively operate our business.**

Our ability to effectively manage and operate our business depends significantly on information technology systems. We rely heavily on applications related to point-of-sale, e-commerce, merchandising, planning, sourcing, logistics, inventory management, data security and support systems including human resources and finance currently supplied to us by Victoria's Secret & Co. pursuant to the TSA that we entered into in connection with the Separation. Victoria's Secret & Co. is not in the business of providing information technology outsourcing services and does not have experience providing such services for third-parties. Victoria's Secret & Co. may not successfully execute all of these services during the transition period or we may have to expend significant efforts and/or costs materially in excess of those estimated by us to transition such services to our information technology systems and we may experience delays in such transition period. Any interruption in, or deficiency of, these services could have a material adverse effect on our business, results of operations, financial condition and cash flows.

**Turnover in Company leadership or other key positions may have an adverse impact on Company performance.**

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

On February 22, 2022, our Board appointed then Board Chair Sarah E. Nash as Executive Chair. Effective May 12, 2022, Ms. Nash will be appointed Interim CEO, and Andrew M. Meslow will step down as CEO and as a member of the Board due to health reasons. Our Board is in the process of retaining a national search firm to assist in identifying a permanent CEO. Such leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business, including to our relationships with our associates and other third-parties.

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

We believe our competitive advantage is providing a positive, engaging and satisfying experience for each individual customer, which requires us to have highly trained and engaged associates. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified associates, including store personnel and talented merchants. The turnover rate in the retail industry is generally high, and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply in some areas. Competition for such qualified individuals or changes in labor and healthcare laws could require us to incur higher labor costs. Our inability to recruit a sufficient number of qualified individuals in the future may delay planned openings of new stores or affect the speed with which we expand. Delayed store openings, significant increases in associate turnover rates or significant increases in labor-related costs could have a material adverse effect on our results of operations, financial condition and cash flows.

An increase in the costs of associate wages, benefits and insurance (including workers' compensation, general liability, property and health) could adversely affect our operating results. In particular, labor shortages and the current competitive labor market have increased competition for qualified associates, which has compelled, and may continue to compel, us to pay higher wages to attract or retain qualified associates. Such increases in costs may result from general economic or competitive conditions or from government imposition of higher minimum wages at the federal, state or local level, including in connection with the increases in state minimum wages that have recently been enacted by various states. Moreover, there may be a long-term trend toward higher wages in developing markets. Any increase in such operating expenses could have a material adverse effect on our results of operations, financial condition and cash flows.

**Our net sales depend on a volume of traffic to our stores and the availability of suitable lease space.**

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

Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. We cannot be sure as to when or whether such desirable locations will become available at reasonable costs. Additionally, we are dependent upon the suitability of the lease spaces that we currently use. The leases that we enter into are generally noncancelable leases with initial terms of 10 years. If we determine that it is no longer economical to operate a store and decide to close it, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term.

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

**Our continued growth and success depends in part on new store openings and existing store remodels and expansions.**

Our continued growth and success depends in part on our ability to open and operate new stores and expand and remodel existing stores on a timely and profitable basis. Accomplishing our new and existing store expansion goals will depend upon a number of factors, including the ability to partner with developers and landlords to obtain suitable sites for new and expanded stores at acceptable costs, the hiring and training of qualified personnel and the integration of new stores into existing operations. There can be no assurance we will be able to achieve our store expansion goals, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, remodeled and expanded stores profitably. These risks could have a material adverse effect on our ability to grow and results of operations, financial condition and cash flows.

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

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

Further, our results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates. See "Fluctuations in foreign currency exchange rates could impact our financial condition and results of operations" below.

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



**Our licensees, franchisees and wholesalers could take actions that could harm our business or brand images.**

We have global representation through independently owned stores operated by our partners. Although we have criteria to evaluate and select prospective partners, the level of control we can exercise over our partners is limited, and the quality and success of their operations may be diminished by any number of factors beyond our control. For example, our partners may not have the business acumen or financial resources necessary to successfully operate stores in a manner consistent with our standards and may not hire and train qualified store managers and other personnel. Further, we have no control as to whether our partners comply with federal and local law. Our brand image and reputation may suffer materially, and our sales could decline, if our partners do not operate successfully. These risks could have an adverse effect on our results of operations, financial condition and cash flows.

**Our direct channel business includes risks that could have a material adverse effect on our results.**

Our direct channel (also referred to as digital or e-commerce) is subject to numerous risks that could have a material adverse effect on our results. Risks include, but are not limited to, the difficulty in recreating the in-store experience through our direct channels; domestic or international resellers purchasing merchandise and reselling it outside our control; our ability to anticipate and implement innovations in technology and logistics in order to appeal to existing and potential customers who increasingly rely on multiple channels to meet their shopping needs; and the failure of and risks related to the systems that operate our web infrastructure, websites and the related support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break-ins and similar disruptions.

Our failure to maintain efficient and uninterrupted order-taking and fulfillment operations could also have a material adverse effect on our results. We utilize third-party service providers for order management and fulfillment services. If these third-party service providers do not maintain efficient and uninterrupted service, we may experience merchandise delivery delays, loss of sales, cancellation charges or excessive promotional activity to clear inventory. Further, we may have difficulty replacing these third-party service providers and there can be no assurance we can do so in a timely manner or on terms favorable to us. The satisfaction of our online customers depends on their timely receipt of merchandise. If we encounter difficulties with the distribution facilities, or if the facilities were to shut down for any reason, including as a result of fire, natural disaster or work stoppage, we could face shortages of inventory; incur significantly higher costs and longer lead times associated with distributing our products to our customers; and cause customer dissatisfaction.

Any of these issues could have a material adverse effect on our operations, financial condition and cash flows.

**Our ability to protect our reputation could have a material effect on our brand image.**

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

Failure to comply with or the perception that the Company has failed to comply with ethical, social, product, labor, privacy and environmental standards, or related political considerations, could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with local laws and regulations, to maintain an effective system of internal controls, to maintain the security of customer, associate, third-party and company information or to provide accurate and timely financial statement information could also hurt our reputation. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation.

**Our ability, or perceived inability, to complete environmental, social and governance initiatives may have a material effect on our reputation.**

There has been an increased focus, including from investors, the general public and U.S. and foreign governmental and nongovernmental organizations, on environmental, social and governance ("ESG") initiatives, including with respect to climate change, greenhouse gases, packaging and waste, human rights, sustainable supply chain practices, animal health and welfare, deforestation and land, energy and water use. As part of our ongoing efforts, we established an ESG function to provide direction and help coordinate ESG work throughout the Company. There may be increased public pressure to expand our disclosures in these areas, make commitments, set targets or establish additional goals and take actions to meet them, which could expose us to market, operational and execution costs or risks. The metrics we disclose, whether they are based on the standards we set for ourselves or those set by others, may influence our reputation and the value of our brand. Our failure to achieve progress on our metrics on a timely basis, or at all, could adversely affect our business, financial performance, and growth. By electing to set and share publicly these metrics and expand upon our disclosures, our business may also face increased scrutiny related to ESG activities. As a result, we could damage our reputation and the value of our brand if we fail to act responsibly in the areas in which we report. Any harm to our reputation resulting from setting these metrics, expanding our



disclosure or our failure, or perceived failure, to meet such metrics or disclosures could adversely affect our business, financial performance, and growth.

We could also be affected by the physical effects of climate change, and other environmental issues, to the extent such issues adversely affect the general economy, adversely impact our supply chain or our stores, or increase the costs of our products and other supplies needed for our operations. In addition, future U.S. and international legislative and regulatory efforts to combat climate change or other environmental considerations could result in increased regulation, and additional taxes and other expenses, in a manner that adversely affects our business.

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

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

**Our ability to adequately maintain, enforce and protect our trade names, trademarks and patents could have an impact on our brand images and ability to penetrate new markets.**

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

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

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

The retail industry is highly competitive. We compete for sales with a broad range of other retailers, including individual and chain specialty stores, department stores and discount retailers. In addition to the traditional store-based retailers, we also compete with direct marketers or retailers that sell similar lines of merchandise and who target customers through online channels. Brand image, marketing, design, price, service, assortment, quality, image presentation and fulfillment are all competitive factors in both the store-based and online channels.

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

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

**Our ability to manage the life cycle of our brand and to remain current with trends and launch new product lines successfully could impact the image and relevance of our brand.**

Our success depends in part on management's ability to effectively manage the life cycle of our brand and to anticipate and respond to changing preferences and consumer demands and to translate market trends into appropriate, salable product offerings in advance of the actual time of sale to the customer. We are dependent on certain product categories, and a decline in consumer demand in these product categories could negatively effect on our results of operations, financial condition and cash flows. Customer demands and trends change rapidly. If we are unable to successfully anticipate, identify or react to changing

preferences or trends or we misjudge the market for our products or any new product lines, our sales will be lower, potentially resulting in significant amounts of unsold inventory. In response, we may be forced to increase our marketing promotions or price markdowns. These risks could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows.

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

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

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

- political instability, environmental hazards or natural disasters which could negatively affect international economies, financial markets and business activity;
- significant health hazards or pandemics, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
- imposition of new or retaliatory trade duties, sanctions or taxes and other charges on imports or exports;
- evolving, new or complex legal and regulatory matters;
- volatility in currency exchange rates;
- local business practice and political issues (including issues relating to compliance with domestic or international labor standards) which may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- delays or disruptions in shipping and transportation and related pricing impacts;
- disruption due to labor disputes; and
- changing expectations regarding product safety due to new legislation or other factors.

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

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility of financial markets. The COVID-19 pandemic continues to impact our supply chain partners, including third-party manufacturers, logistics providers and other vendors. Current vessel, container and other transportation shortages, labor shortages and port congestion globally have delayed and may continue to delay inventory orders and, in turn, deliveries to our customers and availability in our stores and e-commerce sites. Disruptions or delays in shipments may have negative impacts to pricing of certain components of our products. The pandemic continues to have the potential to significantly impact our supply chain if the factories that manufacture our products, the distribution centers where we manage our inventory, or the operations of our logistics and other service providers are disrupted, are temporarily closed or experience worker shortages. In addition, the impact of COVID-19 on macroeconomic conditions may impact the proper functioning of financial and capital markets, foreign currency exchange rates, commodity prices, and interest rates. Even after the COVID-19 global pandemic has subsided, we may continue to experience adverse impacts to our business as a result of any economic recession that has occurred or may occur in the future.

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

To achieve the necessary speed and agility in producing our home fragrance, body care products and soaps and sanitizer products, we rely heavily on vendor and distribution facilities in close proximity to our headquarters in Central Ohio. As a result of geographic concentration of the vendor and distribution facilities that we rely upon, our operations are susceptible to local and regional factors, such as accidents, system failures, economic and weather conditions, natural disasters, demographic and population changes, and other unforeseen events and circumstances. Any significant interruption in the operations of these facilities could lead to inventory issues or increased costs, which could have a material adverse effect on our results of operations, financial condition and cash flows.

**A change in the relationship with our key vendors could have a material effect on our business.**

We rely on a limited number of vendors to support our inventory purchasing needs. In fiscal year 2021, our largest vendor supplied approximately 12% of our total merchandise purchases and our largest five vendors supplied approximately 35% of our total merchandise purchases on a combined basis. Our business depends on developing and maintaining close relationships with our vendors and on our vendors' ability or willingness to sell quality products to us at favorable prices and terms. Many factors outside of our control may harm these relationships and the ability or willingness of these vendors to sell us products on favorable terms. For example, financial or operational difficulties that our vendors may face could increase the cost of the products we purchase from them or our ability to source products from them.

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

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

In addition, quality problems could result in product liability judgments or widespread product recalls that may negatively impact our sales and profitability for a period of time depending on product availability, competition reaction and consumer attitudes. Even if product liability claims are unsuccessful or are not fully pursued, the negative publicity surrounding any assertions could adversely impact our reputation with existing and potential customers and our brand image.

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

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

**Fluctuations in foreign currency exchange rates could impact our results of operations, financial condition and cash flows.**

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

**Our results may be affected by fluctuations in product input costs.**

Product input costs, including freight, labor and raw materials, fluctuate subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather and climate conditions, energy costs or natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. These factors may result in an increase in our production costs. We may not be able to, or may elect not to, pass these increases on to our customers which may adversely impact our profit margins. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

**Our results may be affected by fluctuations in energy costs.**

Energy costs have fluctuated in the past and may fluctuate in the future due to changes in factors beyond our control, such as weather and climate conditions or natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, political conflicts and wars, governmental regulation and other factors. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail stores and costs to purchase products from our manufacturers. A continual rise in energy costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have a material adverse effect on our results of operations, financial condition and cash flows.

**Our results may be impacted by our ability to adequately protect our assets from loss and theft.**

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

**We may be impacted by increases in the cost of mailing, paper, printing or other order fulfillment logistics.**

Postal rate increases and paper and printing costs will affect the cost of our order fulfillment and promotional mailings. We rely on discounts from the basic postal rate structure, such as discounts for bulk mailings and sorting. Future paper and postal rate increases could adversely impact our earnings if we are unable to recover these costs or if we are unable to implement more efficient printing, mailing, delivery and order fulfillment systems. We may face unexpected costs in transportation, warehousing or other logistics-related services. These risks could have a material adverse effect on our results of operations, financial condition and cash flows.

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

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

**We significantly rely on our and our third-party service providers', including Victoria's Secret & Co., ability to implement and sustain information technology systems and to protect associated data and system availability.**

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

As a result of the Separation, we have entered into a multi-year TSA with Victoria's Secret & Co. for information technology services and systems to support the day-to-day needs for most areas of technology. Over time, we will transition the information technology capabilities from Victoria's Secret & Co. to implement point-of-sale, mobile applications, merchandising, planning, sourcing, logistics, inventory management, human resources and financial systems on to our own platforms, some of which are yet to be established.

As systems are provided, supported and managed by Victoria's Secret & Co., and eventually transitioned to us, we will be required to establish a number of new information technology systems as well as make hardware, software and code modifications and upgrades to certain existing information technology systems for point-of-sale, e-commerce, mobile apps, merchandising, planning, sourcing, logistics, inventory management, data security, and support systems including human resources and finance. Modifications involve replacing existing systems with successor systems, making changes to existing systems or acquiring new systems with new functionality. We are aware of inherent risks associated with replacing and modifying our information technology systems, including risks relative to data integrity and system disruptions. Information technology system disruptions or data corruption, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations, financial condition and cash flows.

In addition to our own systems, networks and databases, we use third-party service providers to store, transmit and otherwise process certain of this information on our behalf, and our third-party service providers are subject to similar cybersecurity risks.

Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cybersecurity incidents attributed to our service providers as they relate to the information we share with them or to which they are granted access. Although we contractually require these service providers to implement and maintain a standard of security (such as implementing reasonable measures), we cannot control third parties and cannot guarantee that a security breach will not occur in their systems.

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

In the operation of our business, we collect, use, transmit and otherwise process a large volume of personal and other confidential, proprietary and sensitive information. Information systems are susceptible to an increasing threat of continually evolving cybersecurity risks. Breaches or failures of security involving our information systems, including those provided, managed and supported by Victoria's Secret & Co., or those of any of our external service providers have occurred, and in the future may occur. Any significant compromise or breach of our data security, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols, could significantly damage our reputation with our customers, associates, investors and other third parties, cause the disclosure of personal, confidential, proprietary or sensitive customer, associate, third-party or company information, cause interruptions to our operations and distraction to our management, cause our customers to stop shopping with us and result in significant legal, regulatory and financial liabilities and lost revenues. Compounding these risks is the complexity of our information systems, which are a collection of our and our third-party service providers' systems.

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

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

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

**Risks related to our common stock:**

**Our stock price may be volatile.**

Our stock price may fluctuate substantially as a result of variations in our actual or projected performance or the financial performance of other companies in the retail industry. Any guidance that we provide is based on goals that we believe are reasonably attainable at the time guidance is given. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts or others, our stock price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk.

The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. In particular, our common stock may in the future be traded by short sellers which may put pressure on the supply and demand for our common stock, further influencing volatility in its market price. Public perception and other factors outside of our control may additionally impact the stock price of companies like us that garner a disproportionate degree of public attention, regardless of actual operating performance.

**If we are unable to pay quarterly dividends or repurchase our shares at intended levels, our reputation and stock price may be impacted.**

Our quarterly cash dividends and share repurchase programs have historically been part of our capital allocation strategy. Although our Board increased the annual dividend to \$0.80 per share, beginning with the quarterly dividend paid in March 2022, and authorized a new \$1.5 billion share repurchase program in February 2022, we are not required to declare dividends or make any share repurchases under our share repurchase programs in the future. In 2020, we didn't repurchase any of our shares and we suspended our quarterly cash dividends due to the effects of the COVID-19 pandemic. Our Board will determine our future levels of dividend payments and share repurchase authorizations, if any, 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 which may be beyond our control. Any reduction, or failure, to pay dividends or repurchase our shares after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and our stock price.

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

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

**Risks related to our indebtedness:**

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

The credit rating agencies periodically review our capital structure and the quality and stability of our earnings. A deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of our credit ratings. Any negative ratings actions could constrain the capital available to our Company or our industry and could limit our access to funding for our operations. We are dependent upon our ability to access capital at rates and on terms we determine to be attractive. If our ability to access capital becomes constrained, our interest costs will likely increase, which could have a material adverse effect on our results of operations, financial condition and cash flows. Additionally, changes to our credit ratings could affect our future interest costs.

**We may be unable to service or refinance our debt or maintain compliance with restrictive covenants in our debt instruments, including our asset-backed revolving credit facility.**

We currently have substantial indebtedness. Our asset-backed revolving credit facility contains a covenant and negative covenants that under certain circumstances require maintenance of a certain financial ratio and also, under certain conditions, restrict our ability to pay dividends, repurchase common shares and make other restricted payments as defined in the agreement. Our cash flow from operations provides the primary source of funds for our debt service payments. If our cash flow from operations declines, we may be unable to service or refinance our current debt. If we fail to comply with any covenant, including our financial covenant, it could result in an event of default and our lenders could terminate the commitments under our asset-backed revolving credit facility and make the entire debt incurred thereunder immediately due and payable or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our stockholders' interests.



**The interest rates on our credit facilities may be impacted by the phase-out of LIBOR and the transition to the Secured Overnight Financing Rate (“SOFR”).**

Interest rates on U.S. borrowings under our asset-backed revolving credit facility (“ABL Facility”) are based on LIBOR. On July 27, 2017, the U.K.’s Financial Conduct Authority (the authority that administers LIBOR) announced that it intends to phase out LIBOR by the end of 2023. It remains unclear what rate or rates may develop as accepted alternatives to LIBOR, or what the effect of such changes will be on the markets for LIBOR-based financial instruments. As of the date hereof, the current recommended replacement for USD-LIBOR is SOFR. While we currently do not have any borrowings outstanding under our ABL Facility, any transition away from LIBOR as a benchmark for establishing the applicable interest rate is complex and will affect the cost of servicing any future debt under our ABL Facility. Although the ABL Facility provides for alternative base rates, the composition and characteristics of such alternative base rates are not the same as those of LIBOR, and the consequences of the phase-out of LIBOR cannot be entirely predicted at this time.

**Risks related to law and regulation:**

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

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

In the U.S., privacy and data protection are regulated at federal, state, and local levels. Various federal and state regulators, including governmental agencies like the Consumer Financial Protection Bureau and the Federal Trade Commission, have adopted, or are considering adopting, laws and regulations concerning personal information and data security and have prioritized privacy and information security violations for enforcement actions. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts.

Laws range from the “sectoral” variety (i.e. laws that govern specific practices, services, or technologies) to omnibus laws (i.e. laws that comprehensively seek to govern all aspects of data processing practices). As an online and brick-and-mortar retailer, we are subject to both.

In North America, we are subject to sectoral laws that impose different enforcement regimes, whether via government agencies or class-action litigants, with fines and statutory damages that can result in significant exposure when applied to large customer segments. Illustrative of the sectoral variety are laws that govern telephonic communications (e.g., the Federal Telephone Consumer Protection Act), email communications (e.g., the Federal Controlling the Assault of Non-Solicited Pornography and Marketing Act, and Canada’s Anti-Spam Legislation), the use of biometric technology (e.g., the Illinois Biometric Information Privacy Act), the printing of payment card digits on a store receipt (e.g., the Federal Fair and Accurate Credit Transactions Act), the use of call recordings (e.g., Federal and state laws governing consent for recordings), the collection of consumer information at retail point of sale (e.g., the California Song-Beverly Act), and the collection of driver’s license information (e.g., state laws governing the scanning of government ID’s).

We are further subject to omnibus privacy and data protection laws. For example, the California Consumer Privacy Act (“CCPA”), which broadly governs data privacy practices, increases privacy rights for California residents and imposes obligations on companies that process their personal information, went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt-out of certain data sharing arrangements of personal information, and the ability to access and delete personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of certain classifications of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Furthermore, in November 2020, California voters passed the California Privacy Rights Act of 2020 (“CPRA”). Effective beginning January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding California residents’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and CPRA. Other states and countries have passed comprehensive data privacy laws that are similar to the CCPA and CPRA, further complicating the legal landscape, and similar legislation is pending in more states. In addition, laws in all 50 U.S. states require businesses to provide notice to

consumers (and, in some cases, to regulators) when certain classifications of personal information have been accessed or acquired as a result of a data breach. State laws are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted, which may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies.

While most of our international operations are conducted through franchise, license and wholesale arrangements, we are also subject to certain international laws, regulations and standards in certain international jurisdictions and may be subject to additional international laws, regulations and standards, whether existing or enacted in the future, that apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. One set of laws applicable to us is Canada's Personal Information Protection and Electronic Documents Act ("PIPEDA"), which became effective on January 1, 2001, as well as substantially similar provincial privacy laws. These privacy statutes broadly govern the entire lifecycle of personal information, enumerating principles that govern accountability; purpose; consent; limitations on collection, use, disclosure, and retention; accuracy; safeguards, transparency; right to access; and complaint-handling. Certain of the statutes also contain a mandatory breach notification regime. Federal and provincial authorities enforce these laws. Privacy regulators have an express obligation to investigate complaints, and have the authority to initiate investigations. Under PIPEDA, the Office of the Privacy Commissioner of Canada has the power to require an organization to enter into a compliance agreement and failure to comply may result in a court order or court proceedings. A complainant may also appeal to Federal Court and the court has broad authority including awarding damages. Similarly, the E.U. General Data Protection Regulation ("GDPR"), which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data, and the GDPR serves and has served as a model for other jurisdictions' data protection laws. EU member states are tasked under the GDPR to enact, and have enacted, certain implementing legislation that adds to and/or further interprets the GDPR requirements and, depending on the extent and degree to which we conduct business in the European Economic Area ("EEA") and United Kingdom, potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data, and other international jurisdictions are expected to pass similar laws that may include even more stringent requirements. Changes in such international laws, or changes in our business strategy such as direct expansions into additional jurisdictions may cause us to incur additional compliance costs, increase our risks of being subject to lawsuits, complaints and/or regulatory investigations or fines, or restrict our ability to transfer personal data between and among countries and regions in which we operate or may in the future operate. Such international laws, and our compliance with such laws, could impact the manner in which we do business and the geographical location or segregation of our relevant operations, and could adversely affect our results of operations, financial condition and cash flows.

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

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

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

It can be difficult to comply with sometimes conflicting regulations in local, national or foreign jurisdictions as well as new or changing regulations. Also, changes in such laws could make operating our business more expensive or require us to change the way we do business. For example, changes in product safety or other consumer protection laws could lead to increased costs for certain merchandise, or additional labor costs associated with readying merchandise for sale. It may be difficult for us to



oversee regulatory changes impacting our business, and our responses to changes in the law could be costly and may negatively impact our operations.

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

We, along with third parties we do business with, are subject to complex compliance and litigation risks. Actions filed against us from time to time include commercial, tort, intellectual property, customer, employment, wage and hour, data privacy, securities, anti-corruption and other claims, including purported class action lawsuits. In addition, notwithstanding our adoption of CDC-recommended guidelines and preventative efforts to ensure the health and safety of our customers and associates, it is possible that our customers and associates may contract COVID-19 while at our stores or facilities, which could subject us to litigation. The cost of defending against these types of claims against us or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business. Further, potential claimants may be encouraged to bring suits based on a settlement from us or adverse court decisions against us. We cannot currently assess the likely outcome of such suits, but if the outcome were negative, it could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.

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

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

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

There is increased uncertainty with respect to tax policy and trade relations between the U.S. and other countries, including as a result of any executive action taken or legislative priorities set by the current U.S. presidential administration. Major developments in tax policy or trade relations, such as the imposition of unilateral tariffs on imported products, could have a material adverse effect on our results of operations, financial condition and cash flows.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 2. PROPERTIES.**

The following table provides the location, use and size of our Company-operated distribution, corporate and product development facilities as of January 29, 2022:

Location	Use	Approximate Square Footage
Columbus, Ohio area	Office, distribution center and shipping facilities	3,928,000
Other North America	Office and product development/design	69,000

We own five office, distribution center and shipping facilities located in the Columbus, Ohio area. These buildings comprise approximately 3.9 million square feet. We are also investing in a new 1.0 million square foot Company-operated leased direct channel fulfillment center in Columbus, Ohio which we expect to be operational in Fall 2022, and at full capacity in Fall 2023.

We lease various other office and product development/design locations in North America, primarily in New York.

### *Third-party Operated Fulfillment and Distribution Centers*

We utilize six permanent third-party operated direct channel fulfillment centers in North America, comprising approximately 3.2 million square feet, that allow us to reduce in transit times for our direct channel orders. We also utilize six third-party operated regional distribution centers in North America, comprising approximately 1.0 million square feet, that enable us to position inventory geographically closer to our stores.

### *Company-operated Stores*

As of January 29, 2022, we operate 1,651 retail stores located in leased facilities throughout the U.S. A substantial portion of these lease commitments consists of store leases generally with an initial term of 10 years. These store leases expire at various dates between 2022 and 2034.

As of January 29, 2022, we also operate 104 retail stores located in leased facilities throughout the Canadian provinces. These lease commitments consist of store leases generally with initial terms of 5 to 10 years. These store leases expire at various dates between 2022 and 2031.

### *International Partner-operated Stores*

As of January 29, 2022, our partners operate 338 retail stores in more than 35 countries.

## **ITEM 3. LEGAL PROCEEDINGS.**

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

On May 19, 2020 and January 12, 2021, certain of our stockholders 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 ours and alleging, among other things, breaches of fiduciary duty through asserted violations of law and failures to monitor workplace conduct (the "Lawsuits"). In addition, we also received litigation and books-and-records demands from certain other stockholders related to the same matters (together with the Lawsuits, the "Actions").

In July 2021, we announced the global settlement resolving the Actions. The settlement resolves 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 releases all such claims against us and our past and present employees, officers and directors, among others. As part of the settlement, we have agreed to implement certain management and governance measures, including the maintenance of a Diversity, Equity, and Inclusion Council. Following the August 2, 2021 spin-off of Victoria's Secret & Co., the settlement terms will apply to both us and Victoria's Secret & Co. Each company has committed to invest \$45 million over at least five years to fund the management and governance measures. The settlement is subject to approval of the United States District Court of the Southern District of Ohio.

## **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

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

Our common stock is traded on the New York Stock Exchange. As of January 29, 2022, there were approximately 31,000 stockholders of record. However, including active associates who participate in our stock purchase plan, associates who own shares through our sponsored retirement plans and others holding shares in broker accounts under street names, we estimate the shareholder base to be approximately 177,000.

The following table provides our quarterly market prices and cash dividends per share for 2021 and 2020:

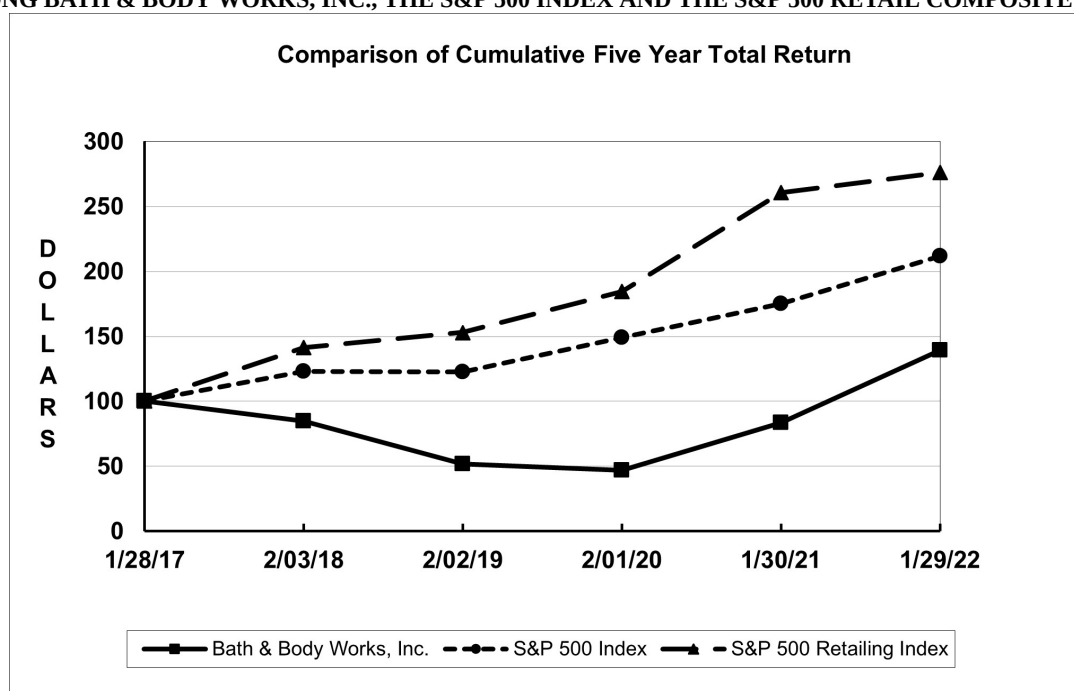
	Market Price (a)		Cash Dividend per Share (b)
	High	Low	
<b>2021</b>			
Fourth quarter	\$ 82.00	\$ 50.94	\$ 0.15
Third quarter	72.56	58.28	0.15
Second quarter	65.47	49.73	0.15
First quarter	55.21	32.47	—
<b>2020</b>			
Fourth quarter	\$ 39.05	\$ 26.02	\$ —
Third quarter	28.63	19.23	—
Second quarter	21.55	8.11	—
First quarter	20.42	6.47	0.30

(a) Market prices prior to August 3, 2021 have been adjusted to give effect to the Victoria's Secret & Co. spin-off.

(b) Our Board suspended our quarterly cash dividend beginning in the second quarter of 2020. In March 2021, our Board reinstated our annual dividend at \$0.60 per share, beginning with the quarterly dividend paid in June 2021. In February 2022, our Board increased the annual dividend to \$0.80 per share and declared the quarterly dividend of \$0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

The following graph shows the changes, over the past five-year period, in the value of \$100 invested in our common stock, the Standard & Poor's ("S&P") 500 Composite Stock Price Index and the Standard & Poor's 500 Retail Composite Index.

**COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN (a)(b)  
AMONG BATH & BODY WORKS, INC., THE S&P 500 INDEX AND THE S&P 500 RETAIL COMPOSITE INDEX**



- (a) This table represents \$100 invested in stock or in index at the closing price on January 28, 2017, including reinvestment of dividends.  
 (b) Stock prices prior to August 3, 2021 have been adjusted to give effect to the Victoria's Secret & Co. spin-off.

The following table provides our repurchases of our common stock during the fourth quarter of 2021:

Period	Total Number of Shares Purchased (a) (in thousands)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Programs (c)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Programs (c) (in thousands)
November 2021	1,907	\$ 75.11	1,905	\$ 262,004
December 2021	2,628	71.99	2,621	73,273
January 2022	1,199	61.18	1,198	—
<b>Total</b>	<b>5,734</b>		<b>5,724</b>	

- (a) The total number of shares repurchased includes shares repurchased in connection with tax payments due upon vesting of associate restricted stock 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 18 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

**ITEM 6. [Reserved]**

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

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 ("ASC"). The following information should be read in conjunction with our financial statements and the related notes included in Item 8. Financial Statements and Supplementary Data.

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

### **Victoria's Secret Spin-Off**

On August 2, 2021, we completed the tax-free spin-off of our Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company. As a result, the operating results of, and costs to separate, the Victoria's Secret business are reported in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for all periods presented. In addition, the related assets and liabilities are reported as Assets and Liabilities of Discontinued Operations on the Consolidated Balance Sheets. Unless otherwise noted, all amounts, percentages and discussions reflect only the results of operations and financial condition from our continuing operations.

Victoria's Secret & Co. is providing technology services and systems to us under a TSA while we create independent system environments, which we believe will help to minimize dis-synergies. Over the next two to three years we expect future capital and expense related to standing up a separate information technology function for our Company.

### **Impacts of COVID-19**

The COVID-19 pandemic has created significant public health concerns as well as economic disruption, uncertainty and volatility. Our operations and financial performance have been materially impacted by the COVID-19 pandemic. In the first quarter of 2020, all of our Company-operated stores were closed on March 17, 2020, but we were able to re-open the majority of our stores as of the end of the second quarter of 2020. Our direct business remained open for the duration of 2020. During 2020, we took prudent actions to manage expenses and to maintain our cash position and financial flexibility.

We adopted new operating models focused on safety in connection with the pandemic. We continue to remain focused on providing a safe store environment for our customers and associates, while also delivering an engaging shopping experience. We also remain focused on the safe operations of our corporate facilities and our distribution and fulfillment centers while maximizing our direct business. There remains the potential for COVID-related closures or operating restrictions, which could materially impact our operations and financial performance in future periods.

### **Executive and 2021 Overview**

The transformation of our business that started in 2020 continued into 2021 with the successful separation of L Brands, Inc. into Bath & Body Works, Inc. and Victoria's Secret & Co. as separate, standalone companies in August 2021. The Separation enables us to pursue growth strategies best suited to our customer base and strategic objectives, with a goal to return the highest value to our stockholders. We have a demonstrated record of consistent sales and operating income growth, as well as a proven ability to respond quickly to evolving customer tastes with a high-speed sourcing and logistics model. With high brand awareness and an increasingly loyal and growing customer base, we believe we are well positioned for continued growth in North America, as well as globally.

For 2021, sales were \$7.882 billion, an increase of 22% compared to sales of \$6.434 billion in 2020. Our gross profit increased \$759 million to \$3.855 billion driven by the increase in sales. Our gross profit rate increased to 48.9% from 48.1%, principally driven by sales leverage on our buying and occupancy expenses, partially offset by a decline in the merchandise margin rate. Increased inflationary costs amounted to approximately \$175 million, most of which impacted gross margin. General, Administrative and Store Operating Expenses were \$1.846 billion for 2021, an increase of 24% compared to 2020, and the rate increased by 20 basis points. The dollar increase was driven by higher store selling expenses given pandemic-related store closures in 2020 and an increase in marketing expense as we returned to more normalized activity. Operating income for 2021 was \$2.009 billion, an increase of 25% compared to 2020, and the operating income rate increased by 60 basis points to 25.5%.

For additional information related to our 2021 financial performance, see "Results of Operations – 2021 Compared to 2020."

## **2022 Outlook**

We believe that the Bath & Body Works brand is strong, with continued opportunities for growth. In 2022, we are investing in the business to support long-term growth, and there are macroeconomic factors, such as inflation, that will impact our results. The following macroeconomic pressures and investments could impact our results of operations and cash flows in 2022:

- We are lapping two years of extraordinary growth in the business. Since 2019, sales have increased by 46%, and operating income has increased by 93%. The first quarter of 2021 benefited from customers receiving government stimulus payments;
- We are experiencing increased inflationary pressures in raw materials, energy and fuel costs as well as transportation and wage rates. We estimate that these increased and incremental costs could range between \$150 million and \$175 million throughout 2022. While we have strategically raised prices and are carefully managing promotional activity to partially offset these costs, we plan to be thoughtful about customer response to additional price increases;
- We continue to invest in the customer experience and plan to introduce our loyalty program to the balance of our U.S. chain starting in summer 2022. We expect that the loyalty program will drive sales and customer retention, deepening our relationships with customers over the long-term. The introduction of the program will result in an initial revenue deferral for our customers' accumulated points until they are used; and
- We are experiencing some deleverage and incremental project costs as we build and separate our own technology function to support our standalone business. We are also investing in a new Company-operated fulfillment center to complement our existing third-party network.

### **Adjusted Financial Information from Continuing Operations**

In addition to our results provided in accordance with GAAP above and throughout this Annual Report on Form 10-K, provided below are non-GAAP measurements which present operating income, net income from continuing operations and earnings from continuing operations per share in 2021, 2020 and 2019 on an adjusted basis, which remove certain special items. We believe that these special items are not indicative of our ongoing operations due to their size and nature. We use adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definitions of adjusted financial information may differ from similarly titled measures used by other companies. The table below reconciles the GAAP financial measures to the non-GAAP financial measures.

<b>(in millions, except per share amounts)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Reconciliation of Reported Operating Income to Adjusted Operating Income</b>			
Reported Operating Income	\$ 2,009	\$ 1,604	\$ 1,040
Write-off of Inventory due to Tornado (a)	9	—	—
Restructuring Charges (b)	—	30	—
Adjusted Operating Income	<u>\$ 2,019</u>	<u>\$ 1,634</u>	<u>\$ 1,040</u>
<b>Reconciliation of Reported Net Income from Continuing Operations to Adjusted Net Income from Continuing Operations</b>			
Reported Net Income from Continuing Operations	\$ 1,075	\$ 865	\$ 460
Write-off of Inventory due to Tornado (a)	9	—	—
Restructuring Charges (b)	—	30	—
Loss on Extinguishment of Debt (c)	195	53	40
La Senza Charges (d)	—	—	37
Tax Benefit from the Resolution of Certain Tax Matters (e)	—	(50)	—
Tax Benefit of Special Items in Operating Income and Other Loss	(49)	(18)	(19)
Adjusted Net Income from Continuing Operations	<u>\$ 1,230</u>	<u>\$ 878</u>	<u>\$ 517</u>
<b>Reconciliation of Reported Earnings from Continuing Operations Per Diluted Share to Adjusted Earnings from Continuing Operations Per Diluted Share</b>			
Reported Earnings from Continuing Operations Per Diluted Share	\$ 3.94	\$ 3.07	\$ 1.65
Write-off of Inventory due to Tornado (a)	0.03	—	—
Restructuring Charges (b)	—	0.08	—
Loss on Extinguishment of Debt (c)	0.54	0.14	0.11
La Senza Charges (d)	—	—	0.10
Tax Benefit from the Resolution of Certain Tax Matters (e)	—	(0.18)	—
Adjusted Earnings from Continuing Operations Per Diluted Share	<u>\$ 4.51</u>	<u>\$ 3.12</u>	<u>\$ 1.86</u>

- (a) In the fourth quarter of 2021, we recognized a pre-tax loss of \$9 million (\$7 million after tax) related to the write-off of inventory that was destroyed by a tornado at a vendor's facility.
- (b) In the second quarter of 2020, we recognized pre-tax severance charges of \$30 million (\$24 million after tax) related to restructuring activities. For additional information, see Note 5, "Restructuring Activities" included in Item 8. Financial Statements and Supplementary Data.
- (c) In the third and first quarters of 2021, we recognized pre-tax losses of \$89 million and \$105 million (after-tax losses of \$68 million and \$80 million), respectively, due to the early extinguishment of outstanding notes. In the third quarter of 2020, we recognized a pre-tax loss of \$53 million (after-tax loss of \$40 million) due to the early extinguishment of outstanding notes. In the second quarter of 2019, we recognized a pre-tax loss of \$40 million (after-tax loss of \$30 million) due to the early extinguishment of outstanding notes. For additional information, see Note 13, "Long-term Debt and Borrowing Facilities" included in Item 8. Financial Statements and Supplementary Data.

- (d) In the third quarter of 2019, we recognized \$37 million of pre-tax charges (\$28 million after-tax) to increase reserves related to ongoing contingent obligations for the La Senza business, which was sold in the fourth quarter of 2018. For additional information see Note 16, "Commitments and Contingencies" included in Item 8. Financial Statements and Supplementary Data.
- (e) In the first quarter of 2020, we recognized a \$50 million tax benefit related to the resolution of certain tax matters. For additional information see Note 12, "Income Taxes" included in Item 8. Financial Statements and Supplementary Data.

### Company-Operated Store Data

The following table compares U.S. Company-operated store data for 2021, 2020 and 2019:

				% Change	
	2021	2020	2019	2021	2020
Sales per Average Selling Square Foot (a)	\$ 1,220	\$ 916	\$ 931	33 %	(2 %)
Sales per Average Store (in thousands) (a)	\$ 3,279	\$ 2,424	\$ 2,428	35 %	— %
Average Store Size (selling square feet)	2,716	2,660	2,631	2 %	1 %
Total Selling Square Feet (in thousands)	4,485	4,343	4,306	3 %	1 %

- (a) Sales per average selling square foot and sales per average store, which are indicators of store productivity, are calculated based on store sales for the period divided by the average, including the beginning and end of period, of total square footage and store count, respectively. As a result of the COVID-19 pandemic, all our stores in the U.S. were closed on March 17, 2020 with the majority having been re-opened as of the beginning of the third quarter of 2020. As a result, full year comparisons to 2020 are not a meaningful way to evaluate our operating results.

The following table represents Company-operated store data for 2021:

	Stores			Stores	
	January 30, 2021	Opened	Closed	January 29, 2022	
United States	1,633	53	(35)	1,651	
Canada	103	1	—	104	
<b>Total Bath &amp; Body Works</b>	<b>1,736</b>	<b>54</b>	<b>(35)</b>	<b>1,755</b>	

The following table represents Company-operated store data for 2020:

	Stores			Stores	
	February 1, 2020	Opened	Closed	January 30, 2021	
United States	1,637	26	(30)	1,633	
Canada	102	1	—	103	
<b>Total Bath &amp; Body Works</b>	<b>1,739</b>	<b>27</b>	<b>(30)</b>	<b>1,736</b>	

The following table represents Company-operated store data for 2019:

	Stores			Stores	
	February 2, 2019	Opened	Closed	February 1, 2020	
United States	1,619	38	(20)	1,637	
Canada	102	1	(1)	102	
<b>Total Bath &amp; Body Works</b>	<b>1,721</b>	<b>39</b>	<b>(21)</b>	<b>1,739</b>	



## Partner-Operated Store Data

The following table represents partner-operated store data for 2021:

	Stores			Stores	
	January 30, 2021	Opened	Closed	January 29, 2022	
International	270	55	(8)	317	
International - Travel Retail	18	3	—	21	
<b>Total International</b>	<b>288</b>	<b>58</b>	<b>(8)</b>	<b>338</b>	

The following table represents partner-operated store data for 2020:

	Stores			Stores	
	February 1, 2020	Opened	Closed	January 30, 2021	
International	262	12	(4)	270	
International - Travel Retail	16	2	—	18	
<b>Total International</b>	<b>278</b>	<b>14</b>	<b>(4)</b>	<b>288</b>	

The following table represents partner-operated store data for 2019:

	Stores			Stores	
	February 2, 2019	Opened	Closed	February 1, 2020	
International	223	43	(4)	262	
International - Travel Retail	12	4	—	16	
<b>Total International</b>	<b>235</b>	<b>47</b>	<b>(4)</b>	<b>278</b>	

## Results of Operations—2021 Compared to 2020

For 2021, operating income increased \$405 million to \$2.009 billion, and the operating income rate increased to 25.5% from 24.9%. The drivers of the operating income results are discussed in the following sections.

### Net Sales

The following table provides net sales for 2021 in comparison to 2020:

	2021		2020		% Change
	(in millions)				
Stores - U.S. and Canada	\$	5,709	\$	4,207	35.7 %
Direct - U.S. and Canada		1,890		2,003	(5.7 %)
International (a)		283		224	26.7 %
<b>Total Net Sales</b>	<b>\$</b>	<b>7,882</b>	<b>\$</b>	<b>6,434</b>	<b>22.5 %</b>

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

The following table provides a reconciliation of net sales for 2020 to 2021:

	(in millions)
<b>2020 Net Sales</b>	<b>\$ 6,434</b>
Comparable Store Sales	76
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net (a)	1,414
Direct Channels	(113)
International Wholesale, Royalty and Other	59
Foreign Currency Translation	12
<b>2021 Net Sales</b>	<b>\$ 7,882</b>

(a) Includes the increased sales period over period due to the 2020 COVID-19-related stores closures.

The following table compares 2021 comparable sales to 2020:

	2021	2020
Comparable Sales (Stores and Direct) (a)	(1 %)	45 %
Comparable Store Sales (a)	2 %	26 %

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

For 2021, net sales increased \$1.448 billion to \$7.882 billion. Net sales increased in the stores channel \$1.502 billion, or 35.7%, primarily due to the COVID-19-related store closures in 2020. In the direct channel, net sales decreased \$113 million, or 5.7%, primarily due to the reopening of stores this year, as compared to the prior year when stores were closed which drove an increase in sales in the direct channel. International net sales increased by \$59 million, or 26.7%, due to increases in partner-operated stores and digital sites as well as the COVID-19-related closures in 2020.

Performance was strong throughout the period as we saw positive customer response to our merchandise. We experienced growth in fragrant body care, home fragrance and gifting and accessories. As expected, soaps and sanitizers declined versus 2020's meaningful growth.

#### **Gross Profit**

For 2021, our gross profit increased \$759 million to \$3.855 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 48.9% from 48.1%. Gross profit increased due to the increase in merchandise margin dollars related to the increase in net sales, partially offset by higher occupancy expenses due to the increase in net sales. The gross profit rate increased due to buying and occupancy leverage on higher net sales, partially offset by a decline in the merchandise margin rate as a result of increased inflationary costs.

#### **General, Administrative and Store Operating Expenses**

For 2021, our general, administrative and store operating expenses increased \$354 million to \$1.846 billion, and the rate increased to 23.4% from 23.2%. General, administrative and store operating expenses increased due to higher store selling expenses given pandemic-related store closures in 2020, an increase in marketing expense as we returned to more normalized activity and an increase in charitable contributions to support philanthropic funds. These increases were partially offset by severance and related costs associated with headcount reductions totaling \$30 million in the prior year. The general, administrative and store operating expense rate increased primarily due to the increase in marketing investments.

#### **Other Income (Loss) and Expenses**

##### **Interest Expense**

The following table provides the average daily borrowings and average borrowing rates for 2021 and 2020:

	2021	2020
Average daily borrowings (in millions)	\$ 5,409	\$ 6,317
Average borrowing rate	7.2 %	6.8 %

For 2021, our interest expense decreased \$44 million to \$388 million due to lower average daily borrowings partially offset by a higher average borrowing rate.

## Other Loss

For 2021, our other loss was \$198 million, consisting primarily of \$195 million pre-tax losses associated with the early extinguishment of outstanding notes. For 2020, our other loss was \$50 million, consisting primarily of a \$53 million pre-tax loss associated with the early extinguishment of outstanding notes.

## Provision for Income Taxes

For 2021, our effective tax rate was 24.5% compared to 22.9% in 2020. The 2021 rate is in line with our combined estimated federal and state statutory rate. The 2020 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters, which resulted in a \$50 million tax benefit.

## Results of Operations—Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

For the fourth quarter of 2021, operating income increased \$9 million to \$879 million, and the operating income rate decreased to 29.0% from 32.0%. The drivers of the operating income results are discussed in the following sections.

## Net Sales

The following table provides net sales for the fourth quarter of 2021 in comparison to the fourth quarter of 2020:

	2021	2020	% Change
	(in millions)		
Stores - U.S. and Canada	\$ 2,191	\$ 1,903	15.1 %
Direct - U.S. and Canada	764	750	1.9 %
International (a)	72	66	11.5 %
<b>Total Net Sales</b>	<b>\$ 3,027</b>	<b>\$ 2,719</b>	<b>11.4 %</b>

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

The following table provides a reconciliation of net sales for the fourth quarter of 2020 to the fourth quarter of 2021:

	(in millions)
<b>2020 Net Sales</b>	<b>\$ 2,719</b>
Comparable Store Sales	199
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	87
Direct Channels	14
International, Wholesale, Royalty and Other	6
Foreign Currency Translation	2
<b>2021 Net Sales</b>	<b>\$ 3,027</b>

The following table compares fourth quarter of 2021 comparable sales to fourth quarter of 2020:

	2021	2020
Comparable Sales (Stores and Direct) (a)	7 %	22 %
Comparable Store Sales (a)	11 %	9 %

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

For the fourth quarter of 2021, net sales increased \$308 million to \$3.027 billion. Net sales increased in the stores channel by \$288 million, or 15.1%, primarily due to an increase in sales transactions and in the average dollar sale. In addition, store capacity constraints due to COVID-19 protocols were less restrictive than the fourth quarter of 2020, which benefited store traffic. Direct net sales increased \$14 million, or 1.9%, primarily due to the launch of our e-commerce site in Canada, partially offset by a decline in digital traffic given the impact from the store restrictions last year. International net sales increased by \$6 million, or 11.5%, due to increases in partner-operated stores and digital sites.

In terms of category performance, during the fourth quarter of 2021, we experienced solid growth in fragrant body care, home fragrance and gifting and accessories compared to 2020. As expected, soaps and sanitizers declined versus the meaningful growth experienced in 2020.

### Gross Profit

For the fourth quarter of 2021, our gross profit increased \$39 million to \$1.446 billion, and our gross profit rate (expressed as a percentage of net sales) decreased to 47.8% from 51.7%. Gross profit increased due to the increase in merchandise margin dollars related to the increase in net sales, partially offset by higher occupancy expenses due to the increase in net sales. The gross profit rate decreased primarily due to a decline in the merchandise margin rate driven by increased inflationary costs, and buying and occupancy expense deleverage driven by lapping one-time rent concessions in the fourth quarter of 2020 and continued investments in direct fulfillment capabilities.

### General, Administrative and Store Operating Expenses

For the fourth quarter of 2021, our general, administrative and store operating expenses increased \$30 million to \$567 million and the rate decreased to 18.7% from 19.8%. General, administrative and store operating expenses increased principally driven by an increase in marketing as we returned to more normalized activity and an increase in technology costs as we began the work to stand up a separate information technology function following the spin-off of Victoria's Secret & Co., partially offset by a decline in store payroll primarily due to lower bonus payouts. The general, administrative and store operating expense rate decreased primarily due to leverage on higher net sales.

### Other Income (Loss) and Expenses

#### Interest Expense

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2021 and 2020:

	2021	2020
Average daily borrowings (in millions)	\$ 4,915	\$ 6,449
Average borrowing rate	7.1 %	7.2 %

For the fourth quarter of 2021, our interest expense decreased \$29 million to \$87 million due to both lower average daily borrowings and average borrowing rate.

#### Provision for Income Taxes

For the fourth quarter of 2021, our effective tax rate was 25.1% compared to 25.9% in 2020. The 2021 and 2020 rates are generally consistent with our combined estimated federal and state statutory rate.

### Results of Operations—2020 Compared to 2019

For 2020, operating income increased \$564 million to \$1.604 billion, and the operating income rate increased to 24.9% from 19.2%. The drivers of the operating income results are discussed in the following sections.

#### Net Sales

The following table provides net sales for 2020 in comparison to 2019:

	2020	2019	% Change
	(in millions)		
Stores - U.S. and Canada	\$ 4,207	\$ 4,212	(0.1 %)
Direct - U.S. and Canada	2,003	958	109.1 %
International (a)	224	185	20.8 %
Other (b)	—	50	(100.0 %)
<b>Total Net Sales</b>	<b>\$ 6,434</b>	<b>\$ 5,405</b>	<b>19.0 %</b>

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

(b) Results include wholesale revenues to La Senza subsequent to our divestiture of the business in 2018.

The following table provides a reconciliation of net sales for 2019 to 2020:

	Bath & Body Works	Other	Total
	(in millions)		
<b>2019 Net Sales</b>	\$ 5,355	\$ 50	\$ 5,405
Comparable Store Sales	824	—	824
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net (a)	(830)	—	(830)
Direct Channels	1,045	—	1,045
International Wholesale, Royalty and Other	39	(50)	(11)
Foreign Currency Translation	1	—	1
<b>2020 Net Sales</b>	<u>\$ 6,434</u>	<u>\$ —</u>	<u>\$ 6,434</u>

(a) Includes the impact of COVID-19-related stores closures.

The following table compares 2020 comparable sales to 2019:

	2020	2019
Comparable Sales (Stores and Direct) (a)	45 %	10 %
Comparable Store Sales (a)	26 %	5 %

(a) The percentage change in comparable sales represents direct and comparable store sales. The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results for 2020 exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For 2020, net sales increased \$1.029 billion to \$6.434 billion. In the stores and direct channels, sales were strong across all merchandise categories, driven by continued high demand for soaps and sanitizers combined with strong sales performance in home fragrance and body care. The direct channel, which remained open throughout 2020, grew sales by 109.1% to \$2.003 billion. These increases were partially offset by a decrease as a result of the COVID-19-related store closures as our stores were closed for a significant amount of time, primarily in the first and second quarter of 2020. Additionally, net sales decreased \$50 million as we no longer provided sourcing services to La Senza, a company we divested in fiscal 2018.

The increase in comparable sales was driven by increases in digital traffic, conversion and average unit retail, partially offset by a decline in store traffic.

#### Gross Profit

For 2020, our gross profit increased \$709 million to \$3.096 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 48.1% from 44.2%. The gross profit increase was due to increased merchandise margin dollars related to the increase in net sales and the strong customer response to our merchandise assortment which allowed us to strategically pull back on promotional activity and marketing related offers, partially offset by higher expenses due to increased direct channel fulfillment and shipping costs. The gross profit rate increase was driven by an increase in the merchandise margin rate reflecting a meaningful pullback in promotional activity and buying and occupancy leverage on higher net sales.

### General, Administrative and Store Operating Expenses

For 2020, our general, administrative and store operating expenses increased \$145 million to \$1.492 billion, and the rate decreased to 23.2% from 24.9%. General, administrative and store operating expenses increased due to increases in store selling expenses in connection with the increase in net sales and to support COVID-19 guidelines, and severance and related costs associated with headcount reductions totaling \$30 million. The general, administrative and store operating expense rate decreased driven by leverage on higher net sales.

### Other Income (Loss) and Expenses

#### Interest Expense

The following table provides the average daily borrowings and average borrowing rates for 2020 and 2019:

	2020	2019
Average daily borrowings (in millions)	\$ 6,317	\$ 5,568
Average borrowing rate	6.8 %	6.7 %

For 2020, our interest expense increased \$62 million to \$432 million due to both higher average daily borrowings and average borrowing rate.

#### Other Loss

For 2020, our other loss of \$50 million, consisting primarily of a \$53 million pre-tax loss associated with the early extinguishment of outstanding notes. For 2019, our other loss was \$62 million, consisting primarily of a \$40 million pre-tax loss associated with the early extinguishment of outstanding notes and a \$37 million charge to increase reserves related to ongoing contingent obligations for the La Senza business, partially offset by interest income received on invested cash.

#### Provision for Income Taxes

For 2020, our effective tax rate was 22.9% compared to 24.3% in 2019. The 2020 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters, which resulted in a \$50 million tax benefit. The 2019 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters.

### Results of Operations—Fourth Quarter of 2020 Compared to Fourth Quarter of 2019

For the fourth quarter of 2020, operating income increased \$257 million to \$870 million, and the operating income rate increased to 32.0% from 27.5%. The drivers of the operating income results are discussed in the following sections.

#### Net Sales

The following table provides net sales for the fourth quarter of 2020 in comparison to the fourth quarter of 2019:

	2020	2019	% Change
	(in millions)		
Stores - U.S. and Canada	\$ 1,903	\$ 1,744	9.1 %
Direct - U.S. and Canada	750	431	74.0 %
International (a)	66	56	16.4 %
<b>Total Net Sales</b>	<b>\$ 2,719</b>	<b>\$ 2,231</b>	<b>21.8 %</b>

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

The following table provides a reconciliation of net sales for the fourth quarter of 2019 to the fourth quarter of 2020:

	(in millions)
<b>2019 Net Sales</b>	<b>\$ 2,231</b>
Comparable Store Sales	154
Sales Associated with New, Closed and Non-comparable Remodeled Stores, Net	4
Direct Channels	319
International Wholesale, Royalty and Other	9
Foreign Currency Translation	2
<b>2020 Net Sales</b>	<b>\$ 2,719</b>

The following table compares fourth quarter of 2020 comparable sales to fourth quarter of 2019:

	2020	2019
Comparable Sales (Stores and Direct) (a)	22 %	10 %
Comparable Store Sales (a)	9 %	5 %

(a) The percentage change in comparable sales represents direct and comparable store sales. The percentage change in comparable store sales represents the change in sales at comparable stores only and excludes the change in sales from our direct channels. The change in comparable sales provides an indication of period over period growth (decline). A store is typically included in the calculation of comparable sales when it has been open 12 months or more and it has not had a change in selling square footage of 20% or more. Closed stores are excluded from the comparable sales calculation if they have been closed for four consecutive days or more. Upon re-opening, the stores are included in the calculation. Therefore, comparable sales results for 2020 exclude the closure period of stores that were closed for four consecutive days or more as a result of the COVID-19 pandemic. Additionally, stores are excluded if total selling square footage in the center changes by 20% or more through the opening or closing of a second store. The percentage change in comparable sales is calculated on a comparable calendar period as opposed to a fiscal basis. Comparable sales attributable to our Canadian stores are calculated on a constant currency basis.

For the fourth quarter of 2020, net sales increased \$488 million to \$2.719 billion. We achieved growth in all merchandise categories with two-thirds of our dollar growth coming from our home fragrance and body care categories, and one-third of the growth coming from soaps and sanitizers. In the direct channel, fourth quarter sales increased by 74.0%, or \$319 million. Traffic in the stores channel was limited during the Holiday time period by capacity constraints in stores on high volume days.

The increase in comparable sales was driven by increases in digital traffic, conversion and average unit retail, partially offset by a decline in store traffic, which was particularly constrained on high volume Holiday days.

#### **Gross Profit**

For the fourth quarter of 2020, our gross profit increased \$351 million to \$1.407 billion, and our gross profit rate (expressed as a percentage of net sales) increased to 51.7% from 47.3%. The gross profit increase was due to increased merchandise margin dollars related to the increase in net sales and the strong customer response to our merchandise assortment which allowed us to strategically pull back on promotional activity and marketing related offers. This was partially offset by higher expenses due to increased direct channel fulfillment and shipping costs. The gross profit rate increase was driven by an increase in the merchandise margin rate reflecting a meaningful pullback in promotional activity and buying and occupancy leverage on higher net sales.

#### **General, Administrative and Store Operating Expenses**

For the fourth quarter of 2020, our general, administrative and store operating expenses increased \$94 million to \$537 million, and the rate decreased to 19.8% from 19.9%. General, administrative and store operating expenses increased due to an increase in store selling expenses related to the increase in net sales and to support COVID-19 guidelines, and an increase in incentive compensation payouts as a result of Company performance. The general, administrative and store operating expense rate decreased driven by leverage on higher net sales.

#### **Other Income (Loss) and Expenses**

##### **Interest Expense**

The following table provides the average daily borrowings and average borrowing rates for the fourth quarter of 2020 and 2019:

	2020	2019
Average daily borrowings (in millions)	\$ 6,449	\$ 5,459
Average borrowing rate	7.2 %	6.7 %

For the fourth quarter of 2020, our interest expense increased \$26 million to \$116 million due to both higher average daily borrowings and average borrowing rate.

##### **Provision for Income Taxes**

For the fourth quarter of 2020, our effective tax rate was 25.9% compared to 25.4% in 2019. The 2020 rate is generally consistent with our combined estimated federal and state statutory rate. The 2019 rate was lower than our combined estimated federal and state statutory rate primarily due to the resolution of certain tax matters.

**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, capital expenditures, the payment of dividends and our share repurchases. 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, profit margins and income taxes. Historically, sales are higher during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Generally, our need for working capital peaks during the summer and fall months as inventory builds in anticipation of the holiday period. Our cash and cash equivalents held by foreign subsidiaries were \$81 million as of January 29, 2022.

We believe that our available short-term and long-term capital resources are sufficient to fund foreseeable requirements.

**Working Capital and Capitalization**

The following table provides a summary of our working capital position and capitalization as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Working Capital, Net of Assets and Liabilities from Discontinued Operations (a)	\$ 1,719	\$ 3,012
Capitalization:		
Long-term Debt	4,854	6,366
Shareholders' Equity (Deficit)	(1,518)	(662)
Total Capitalization	\$ 3,336	\$ 5,704
Amounts Available Under the ABL Facility (b)	\$ 479	\$ —

(a) The balance as of January 30, 2021 excludes the carrying value of assets and liabilities reported as discontinued operations on the Consolidated Balance Sheets.

(b) As of January 29, 2022, our borrowing base was \$495 million and we had outstanding letters of credit, which reduce our availability under the ABL Facility, of \$16 million. As of January 30, 2021 we were unable to draw upon the ABL Facility as our consolidated cash balance exceeded \$350 million.

**Debt Leverage Ratio**

Our debt leverage ratio is defined as adjusted debt, which includes our long-term debt and total operating lease liabilities, divided by adjusted earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR"). Adjusted EBITDAR is calculated as adjusted operating income (a non-GAAP measure that is reconciled under the heading "Adjusted Financial Information from Continuing Operations," in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations), which excludes interest and taxes, before depreciation, amortization and lease costs. Our debt leverage ratio is a non-GAAP financial measure which we believe is useful to analyze our capital structure. Our debt leverage ratio calculation may not be comparable to similarly-titled measures reported by other companies. Our debt leverage ratio should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures.



The following table provides our debt leverage ratio as of, and for the years ended, January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(dollars in millions)	
Long-term Debt	\$ 4,854	\$ 6,366
Total Operating Lease Liabilities	1,159	1,115
Adjusted Debt	\$ 6,013	\$ 7,481
Adjusted Operating Income	\$ 2,019	\$ 1,634
Depreciation and Amortization	205	195
Total Lease Costs	358	311
Adjusted EBITDAR	\$ 2,582	\$ 2,140
Debt Leverage Ratio	2.33	3.50

### Cash Flow

The cash flows related to discontinued operations have not been segregated in our Consolidated Statements of Cash Flows. Accordingly, the cash flows discussed below include the results of continuing and discontinued operations.

The following table provides a summary of our cash flow activity for the fiscal years ended January 29, 2022, January 30, 2021 and February 1, 2020:

	2021	2020	2019
	(in millions)		
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	\$ 3,933	\$ 1,499	\$ 1,413
Net Cash Flows Provided by Operating Activities	1,492	2,039	1,236
Net Cash Flows Used for Investing Activities	(259)	(219)	(480)
Net Cash Flows Provided by (Used for) Financing Activities	(3,188)	610	(666)
Effects of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	1	4	(4)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	(1,954)	2,434	86
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 1,979	\$ 3,933	\$ 1,499

### Operating Activities

Net cash provided by operating activities in 2021 was \$1.492 billion, including net income of \$1.333 billion. Net income included depreciation of \$363 million, loss on extinguishment of debt of \$195 million, share-based compensation expense of \$46 million, and deferred income tax expense of \$45 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 item in working capital was a decrease in operating cash flow of \$177 million associated with the increase in Inventories.

Net cash provided by operating activities in 2020 was \$2.039 billion, including net income of \$844 million. Net income included depreciation of \$521 million, Victoria's Secret store and lease asset impairment charges of \$254 million, gain from formation of the Victoria's Secret U.K. and Ireland joint venture of \$54 million, loss on extinguishment of debt of \$53 million, share-based compensation expense of \$50 million, non-cash gain from Victoria's Secret Hong Kong store closure and lease termination of \$39 million and deferred income tax expense of \$33 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 item in working capital was an increase in operating cash flow of \$379 million associated with the increase in Accounts Payables, Accrued Expenses and Other and Other Assets and Liabilities.

Net cash provided by operating activities in 2019 was \$1.236 billion, including net loss of \$366 million. Net loss included depreciation of \$588 million, Victoria's Secret goodwill impairment charges of \$720 million, Victoria's Secret store and lease asset impairment charges of \$263 million, share-based compensation expense of \$87 million, loss on extinguishment of debt of \$40 million, La Senza charges of \$37 million and deferred income tax benefits of \$29 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 item in working capital was a decrease in operating cash flow of \$93 million associated with the decrease in Accounts Payables, Accrued Expenses and Other.

### **Investing Activities**

Net cash used for investing activities in 2021 was \$259 million consisting primarily of \$270 million of capital expenditures. Capital expenditures related to our continuing operations totaled \$205 million, approximately 60% of which related to real estate investments with the remaining investment principally in technology and fulfillment center capabilities. Capital expenditures related to discontinued operations were \$66 million.

Net cash used for investing activities in 2020 was \$219 million consisting primarily of \$228 million of capital expenditures. The capital expenditures were primarily related to spending on technology and logistics to support our and the Victoria's Secret digital businesses and other retail capabilities. Capital expenditures of approximately \$80 million related to the opening of new stores or the remodeling and improving of existing stores, primarily for Bath & Body Works.

Net cash used for investing activities in 2019 was \$480 million consisting primarily of \$458 million of capital expenditures. The capital expenditures included \$286 million for opening new stores and remodeling and improving existing stores. Remaining capital expenditures were primarily related to spending on technology and logistics to support our and the Victoria's Secret digital businesses and other retail capabilities.

We will continue to invest in our Bath & Body Works business to support growth in new off-mall stores and remodels, direct channel technology and fulfillment capabilities, as well as standing up a new information technology function. We are estimating 2022 capital expenditures to be approximately \$400 million, with about 40% relating to real estate investments. The remaining capital expenditures forecast is principally related to our information technology investments and the new direct fulfillment center.

### **Financing Activities**

Net cash used for financing activities in 2021 was \$3.188 billion primarily consisting of \$1.964 billion in repurchases of our common stock, \$1.716 billion in payments for the early extinguishment of outstanding notes, transfers and payments to Victoria's Secret & Co. related to the spin-off of \$376 million, dividend payments of \$0.45 per share, or \$120 million, and \$59 million of tax payments related to share-based awards. These uses were partially offset by proceeds of \$976 million from the Victoria's Secret & Co. spin-off and proceeds from stock option exercises of \$83 million.

Net cash provided by financing activities in 2020 was \$610 million consisting primarily of net proceeds of \$2.218 billion from the issuance of new notes, partially offset by \$1.307 billion in payments for the early extinguishment of outstanding notes, \$155 million of net repayments under foreign borrowing facilities to support the Victoria's Secret business ("Victoria's Secret Foreign Facilities"), dividend payments of \$0.30 per share, or \$83 million, and payments of finance lease obligations of \$53 million. We also borrowed and repaid \$950 million under our Credit Agreement (as defined below) during 2020.

Net cash used for financing activities in 2019 was \$666 million consisting primarily of \$799 million in payments for the early extinguishment of outstanding notes, dividend payments of \$1.20 per share, or \$332 million, and tax payments related to share-based awards of \$13 million. These were partially offset by the net proceeds of \$486 million from the issuance of the 2029 Notes (as defined below) and \$5 million of net new borrowings under the Victoria's Secret Foreign Facilities.

On February 2, 2022, we announced that our Board authorized a new \$1.5 billion share repurchase program (the "February 2022 Program"). Also on February 2, 2022, as part of the February 2022 Program, we entered into an accelerated share repurchase agreement ("ASR") under which we will repurchase \$1 billion of our own outstanding common stock. On February 4, 2022, we delivered \$1 billion to the ASR bank, and the bank delivered approximately 14 million shares of our common stock to us (the "Initial Shares"). Pursuant to the terms of the ASR, the Initial Shares represented 80% of the number of shares determined by dividing our \$1 billion payment by the closing price of our common stock on February 2, 2022. The aggregate number of shares of common stock to be delivered under the ASR will be based generally upon a discount to the Rule 10b-18 volume-weighted average price at which the shares of common stock trade during the regular trading sessions on the NYSE during the term of repurchase period. At final settlement, the ASR bank may be obligated to deliver additional shares of our common stock to us or we may be obligated to make delivery of shares of our common stock or a cash payment to the ASR bank, at our option. We expect final settlement of the share repurchases under the ASR to occur during the second quarter of 2022.

Also in February 2022, our Board increased the annual dividend to \$0.80 per share and declared the quarterly dividend of \$0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

### **Common Stock Share Repurchases**

Our Board will determine share 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 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.

In March 2021, our Board authorized a \$500 million share repurchase plan (the "March 2021 Plan"), which replaced the \$79 million remaining under a March 2018 repurchase program. Pursuant to the Board's authorization, we entered into a Rule 10b5-1 purchase plan to effectuate share repurchases for the first \$250 million. In May 2021, we initiated a second \$250 million Rule 10b5-1 purchase plan to effectuate the remaining share repurchases under the March 2021 Plan.

In July 2021, our Board authorized a new \$1.5 billion share repurchase program (the "July 2021 Program"), which replaced the \$36 million remaining under the March 2021 Plan. Under the authorization of this program, in July 2021 we entered into a stock repurchase agreement with our former CEO and certain of his affiliated entities pursuant to which we repurchased 10 million shares of our common stock for an aggregate purchase price of \$730 million.

We did not repurchase any shares of our common stock in 2019 or 2020. We repurchased the following shares of our common stock during 2021:

<u>Repurchase Program</u>	<u>Amount Authorized</u> (in millions)	<u>Shares Repurchased</u> (in thousands)	<u>Amount Repurchased</u> (in millions)	<u>Average Stock Price</u>
March 2021 (a)	\$ 500	6,996	\$ 464	\$ 66.30
July 2021 (a)		10,000	730	73.01
July 2021 (b)	1,500	11,234	770	68.53

(a) Reflects repurchases of L Brands, Inc. common stock prior to the August 2, 2021 spin-off of Victoria's Secret & Co.

(b) Reflects repurchases of Bath & Body Works, Inc. common stock subsequent to the August 2, 2021 spin-off of Victoria's Secret & Co.

On February 2, 2022, we announced that our Board authorized a new \$1.5 billion share repurchase program. Also on February 2, 2022, as part of the February 2022 Program, we entered into an ASR under which we will repurchase \$1 billion of our outstanding common stock. For additional information, refer to discussion under the heading "Cash Flow," in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Additionally, subsequent to January 29, 2022, we repurchased an additional 1.9 million shares of our common stock for \$92 million under the February 2022 Program.

#### **Common Stock Retirement**

In accordance with our Board's resolution, shares of common stock repurchased under the July 2021 Program were to be retired and cancelled upon repurchase. As a result, we retired the 21 million shares repurchased under the July 2021 Program during 2021, which resulted in reductions of \$11 million in the par value of Common Stock, \$69 million in Paid-in Capital and \$1.420 billion in Retained Earnings (Accumulated Deficit).

#### **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.

Our Board suspended our quarterly cash dividend beginning in the second quarter of 2020 as a proactive measure to strengthen our financial flexibility and manage through the COVID-19 pandemic. In March 2021, our Board reinstated our annual dividend at \$0.60 per share, beginning with the quarterly dividend paid in June 2021.

In February 2022, our Board increased the annual dividend to \$0.80 per share and declared the quarterly dividend of \$0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

Under the authority and declaration of our Board, we paid the following dividends during 2021, 2020 and 2019:

	<u>Ordinary Dividends</u> (per share)	<u>Total Paid</u> (in millions)
<b>2021</b>		
First Quarter	\$ —	\$ —
Second Quarter	0.15	42
Third Quarter	0.15	39
Fourth Quarter	0.15	39
<b>2021 Total</b>	<u>\$ 0.45</u>	<u>\$ 120</u>
<b>2020</b>		
First Quarter	\$ 0.30	\$ 83
Second Quarter	—	—
Third Quarter	—	—
Fourth Quarter	—	—
<b>2020 Total</b>	<u>\$ 0.30</u>	<u>\$ 83</u>
<b>2019</b>		
First Quarter	\$ 0.30	\$ 83
Second Quarter	0.30	83
Third Quarter	0.30	83
Fourth Quarter	0.30	83
<b>2019 Total</b>	<u>\$ 1.20</u>	<u>\$ 332</u>

## Long-term Debt and Borrowing Facilities

The following table provides our outstanding debt balance, net of unamortized debt issuance costs and discounts, as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
<b>Senior Secured Debt with Subsidiary Guarantee</b>		
\$750 million, 6.875% Fixed Interest Rate Secured Notes due July 2025 ("2025 Secured Notes")	\$ —	\$ 740
<b>Senior Debt with Subsidiary Guarantee</b>		
\$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 ("2022 Notes")	—	284
\$500 million, 5.625% Fixed Interest Rate Notes due October 2023 ("2023 Notes")	—	319
\$320 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	316	493
\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	281	278
\$500 million, 5.25% Fixed Interest Rate Notes due February 2028 ("2028 Notes")	497	497
\$500 million, 7.50% Fixed Interest Rate Notes due June 2029 ("2029 Notes")	489	488
\$1 billion, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")	990	988
\$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")	992	991
\$700 million, 6.75% Fixed Interest Rate Notes due July 2036 ("2036 Notes")	694	694
<b>Total Senior Debt with Subsidiary Guarantee</b>	<b>\$ 4,259</b>	<b>\$ 5,032</b>
<b>Senior Debt</b>		
\$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")	\$ 349	\$ 348
\$247 million, 7.60% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	246	246
<b>Total Senior Debt</b>	<b>\$ 595</b>	<b>\$ 594</b>
<b>Total Long-term Debt</b>	<b>\$ 4,854</b>	<b>\$ 6,366</b>

### Issuance of Notes

In September 2020, we issued \$1 billion of 6.625% senior notes due October 2030. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were \$988 million, which were net of issuance costs of \$12 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

In June 2020, we issued \$750 million of 6.875% senior secured notes due July 2025. The obligation to pay principal and interest on these notes was jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were \$738 million, which were net of issuance costs of \$12 million.

In June 2020, we also issued \$500 million of 9.375% senior notes due in July 2025. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by us and certain of our 100% owned subsidiaries. The proceeds from the issuance were \$492 million, which were net of issuance costs of \$8 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

### Repurchases of Notes

In September 2021, we completed tender offers to purchase \$270 million of our outstanding 2023 Notes and \$180 million of our outstanding 2025 Notes for an aggregate purchase price of \$532 million. Additionally, in October 2021, we redeemed the remaining \$50 million of our outstanding 2023 Notes for \$54 million. We recognized a pre-tax loss related to this extinguishment of debt of \$89 million (after-tax loss of \$68 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In April 2021, we redeemed the remaining \$285 million of our outstanding 2022 Notes and the \$750 million of our outstanding 2025 Secured Notes. We recognized a pre-tax loss related to this extinguishment of debt of \$105 million (after-tax loss of \$80 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In October 2020, we completed tender offers to purchase \$576 million of our outstanding 2022 Notes, \$180 million of our outstanding 2023 Notes and \$53 million of our outstanding 2037 Notes for \$844 million. We used the proceeds from the 2030 Notes to fund the purchase price of the tender offers. Additionally, utilizing cash on hand, we redeemed the remaining \$450 million of our outstanding 6.625% Fixed Interest Rates Notes due April 2021 (the "2021 Notes") for \$463 million. We recognized a pre-tax loss related to this extinguishment of debt of \$53 million (after-tax loss of \$40 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2020 Consolidated Statement of Income.

In June 2019, we completed tender offers to purchase \$212 million of our outstanding 7.000% Fixed Interest Rates Notes due May 2020 (the "2020 Notes"), \$330 million of our outstanding 2021 Notes and \$96 million of our outstanding 2022 Notes for \$669 million. We used the proceeds from the 2029 Notes, together with cash on hand, to fund the purchase price for the tender offers. Additionally, in July 2019, we redeemed the remaining \$126 million of outstanding 2020 Notes for \$130 million. We recognized a pre-tax loss on this extinguishment of debt of \$40 million (after-tax loss of \$30 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2019 Consolidated Statement of Loss.

### **Asset-backed Revolving Credit Facility**

We and certain of our 100% owned subsidiaries guarantee and pledge collateral to secure a revolving credit facility (the "Credit Agreement"). During the first quarter of 2020, in an abundance of caution and as a proactive measure in response to the COVID-19 pandemic, we elected to borrow \$950 million under our Credit Agreement. In April 2020, we entered into an amendment and restatement of the Credit Agreement to convert our credit facility into an ABL Facility, which allows borrowings and letters of credit in U.S. dollars or Canadian dollars. The \$950 million borrowing was repaid during the first quarter of 2020 upon completion of the April amendment.

In August 2021, we entered into an amendment and restatement (the "Amendment") of the Credit Agreement. The Amendment reduced the aggregate commitments under the ABL Facility to \$750 million, reduced the interest rates on outstanding borrowings by 50 basis points, removed the requirement to prepay outstanding amounts under the ABL Facility should our consolidated cash balance exceed \$350 million, extended the expiration date from August 2024 to August 2026 and released Victoria's Secret & Co. subsidiaries as guarantors, among other things.

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 January 29, 2022, our borrowing base was \$495 million and we had no borrowings outstanding under the ABL Facility.

The ABL Facility supports our letter of credit program. We had \$16 million of outstanding letters of credit as of January 29, 2022 that reduced our availability under the ABL Facility. As of January 29, 2022, our availability under the ABL Facility was \$479 million.

As of January 29, 2022, the ABL Facility fees related to committed and unutilized amounts were 0.25% 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 LIBOR plus 1.25% per annum. The interest rate on outstanding Canadian dollar-denominated borrowings was Canadian Dollar Offered Rate plus 1.25% 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 (1) \$70 million or (2) 10% of the maximum borrowing amount. As of January 29, 2022, we were not required to maintain this ratio.

### **Credit Ratings**

The following table provides our credit ratings as of January 29, 2022:

	<u>Moody's</u>	<u>S&amp;P</u>
Corporate	Ba2	BB
Senior Unsecured Debt with Subsidiary Guarantee	Ba2	BB
Senior Unsecured Debt	B1	B+
Outlook	Positive	Positive

### **Guarantor Summarized Financial Information**

Certain of our subsidiaries, which are listed on Exhibit 22 to this Annual Report on Form 10-K, have guaranteed our obligations under the 2025 Notes, 2027 Notes, 2028 Notes, 2029 Notes, 2030 Notes, 2035 Notes and 2036 Notes (collectively, the "Notes"). As a result of the Separation and Amendment to our ABL Facility, both of which were completed on August 2, 2021, certain of our current and former subsidiaries were released as guarantors under 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 each subsidiary that also guarantees our obligations under certain of our senior secured credit facilities (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 financial information for periods prior to the Separation and Amendment to our ABL Facility on August 2, 2021 reflect the Subsidiary Guarantors in effect for those periods.

#### SUMMARIZED BALANCE SHEET

	January 29, 2022
	(in millions)
<b>ASSETS</b>	
Current Assets (a)	\$ 3,365
Noncurrent Assets	2,481
<b>LIABILITIES</b>	
Current Liabilities (b)	\$ 2,956
Noncurrent Liabilities (c)	6,155

(a) Includes amounts due from non-Guarantor subsidiaries of \$530 million as of January 29, 2022.

(b) Includes amounts due to non-Guarantor subsidiaries of \$1.927 billion as of January 29, 2022.

(c) Includes amounts due to non-Guarantor subsidiaries of \$5 million as of January 29, 2022.

#### SUMMARIZED STATEMENT OF INCOME

	2021
	(in millions)
Net Sales (a)	\$ 10,699
Gross Profit	4,907
Operating Income	2,307
Income Before Income Taxes	1,689
Net Income (b)	1,274

(a) Includes net sales of \$199 million to non-Guarantor subsidiaries.

(b) Includes net loss of \$74 million related to transactions with non-Guarantor subsidiaries.

## Contingent Liabilities and Contractual Obligations

The following table provides our contractual obligations, aggregated by type, including the maturity profile as of January 29, 2022:

	Payments Due by Period					
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Other
	(in millions)					
Long-term Debt (a)	\$ 8,386	\$ 339	\$ 678	\$ 1,250	\$ 6,119	\$ —
Future Lease Obligations (b)	1,466	242	443	375	406	—
Purchase Obligations (c)	747	582	91	41	33	—
Other Liabilities (d)	185	105	23	17	—	40
<b>Total</b>	<b>\$ 10,784</b>	<b>\$ 1,268</b>	<b>\$ 1,235</b>	<b>\$ 1,683</b>	<b>\$ 6,558</b>	<b>\$ 40</b>

- (a) Long-term debt obligations relate to our principal and interest payments for outstanding notes and debentures. Interest payments have been estimated based on the coupon rate for fixed rate obligations. Interest obligations exclude amounts which have been accrued through January 29, 2022. For additional information, see Note 13 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
- (b) Future lease obligations primarily represent minimum payments due under store lease agreements. For additional information, see Note 8 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.
- (c) Purchase obligations primarily include purchase orders for merchandise inventory and other agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.
- (d) Other liabilities includes future estimated payments associated with unrecognized tax benefits. The “Less Than 1 Year” category includes \$104 million of these tax items because it is reasonably possible that the amounts could change in the next 12 months due to audit settlements or resolution of uncertainties. The remaining portion totaling \$40 million is included in the “Other” category as it is not reasonably possible that the amounts could change in the next 12 months. In addition, we have a remaining liability of \$40 million related to the deemed repatriation tax on our undistributed foreign earnings resulting from the Tax Cuts and Jobs Act. The tax liability will be paid over the next three years. For additional information, see Note 12 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

### Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co., we have remaining contingent obligations of approximately \$265 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. In addition, in connection with the sale of La Senza in the fourth quarter of 2018, we have remaining contingent obligations of approximately \$25 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases expiring at various dates through 2028. 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 as of January 29, 2022.

### Recently Issued Accounting Pronouncements

We did not adopt any new accounting standards during 2021 that had a material impact on our consolidated results of operations, financial position or cash flows. In addition, as of March 18, 2022, there are no new accounting standards not yet adopted that are expected to have a material impact on our consolidated results of operations, financial position or cash flows.

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Management bases our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may



differ from these estimates. Management has discussed the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors and believes the following assumptions and estimates are most significant to reporting our results of operations and financial position.

### **Inventories**

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

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

We also record inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results and operating trends.

Management believes that the assumptions used in these estimates are reasonable and appropriate. A 10% increase or decrease in the inventory valuation adjustment would have impacted net income from continuing operations by approximately \$2 million for 2021. A 10% increase or decrease in the estimated physical inventory loss adjustment would have impacted net income from continuing operations by approximately \$1 million for 2021.

### **Valuation of Long-lived Store Assets**

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

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

### **Claims and Contingencies**

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

### **Income Taxes**

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

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

We follow the authoritative guidance included in ASC 740, *Income Taxes*, which contains a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals

or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and for which actual outcomes may differ from forecasted outcomes. Our policy is to include interest and penalties related to uncertain tax positions in income tax expense.

Our income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding our tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various tax authorities. A number of years may elapse before a particular matter for which we have established an accrual is audited and fully resolved or clarified. We adjust our tax contingencies accrual and income tax provision in the period in which matters are effectively settled with tax authorities at amounts different from our established accrual, when the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available.

### **Revenue Recognition**

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

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

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

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

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

### **Market Risk**

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

### **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 of our investment activities is the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Our investment portfolio is primarily comprised 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 our long-term debt as of January 29, 2022 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**

As of January 29, 2022, we believe that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

The following table provides a summary of the principal value and estimated fair value of outstanding publicly traded debt as of January 29, 2022 and January 30, 2021:

	<u>January 29, 2022</u>	<u>January 30, 2021</u>
	(in millions)	
Principal Value	\$ 4,915	\$ 6,449
Fair Value, Estimated (a)	5,493	7,243

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

**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 comprised 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.****BATH & BODY WORKS, INC.  
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Our fiscal year ends on the Saturday nearest to January 31. Fiscal years are designated in the Consolidated Financial Statements and Notes by the calendar year in which the fiscal year commences. The results for 2021, 2020 and 2019 refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

## **Management’s Report on Internal Control Over Financial Reporting**

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

Management assessed the effectiveness of the Company’s internal control over financial reporting as of January 29, 2022. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria).

Based on our assessment and the COSO criteria, management believes that the Company maintained effective internal control over financial reporting as of January 29, 2022.

The Company’s independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company’s internal control over financial reporting. Ernst & Young LLP’s report appears on the following page and expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of January 29, 2022.

## Report of Independent Registered Public Accounting Firm

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

### Opinion on Internal Control over Financial Reporting

We have audited Bath & Body Works, Inc.'s internal control over financial reporting as of January 29, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Bath & Body Works, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 29, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Bath & Body Works, Inc. as of January 29, 2022 and January 30, 2021 and the related consolidated statements of income (loss), comprehensive income (loss), total equity (deficit), and cash flows for each of the three years in the period ended January 29, 2022, and the related notes and our report dated March 18, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

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

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

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

### Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Grandview Heights, Ohio  
March 18, 2022

## Report of Independent Registered Public Accounting Firm

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

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bath & Body Works, Inc. (the Company) as of January 29, 2022 and January 30, 2021, the related consolidated statements of income (loss), comprehensive income (loss), total equity (deficit), and cash flows for each of the three years in the period ended January 29, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 29, 2022 and January 30, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 29, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of January 29, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 18, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

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

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

### Critical Audit Matter

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

***Tax-Free Determination of the Spin-Off of the Victoria's Secret Business***

*Description of the Matter*

As described in Notes 1 and 2 to the consolidated financial statements, on August 2, 2021, the Company completed the spin-off of its Victoria's Secret business into an independent, publicly traded company.

The spin-off was executed through a stock distribution to the Company's shareholders. As disclosed by management, the spin-off of the Victoria's Secret business was determined to qualify for U.S. Federal tax-free treatment under certain sections of the Internal Revenue Code. The determination of the transaction as tax-free requires management to interpret and apply judgment to complex tax laws and regulations.

We identified the determination by management that the spin-off is a tax-free transaction for U.S. Federal income tax purposes to be a critical audit matter because of the complexity of the interpretation and application of the Internal Revenue Code ("Code"), the materiality of the potential tax consequences, and the need to involve our income tax specialists when performing audit procedures to evaluate the U.S. Federal taxability of the spin-off.

*How We Addressed the Matter in Our Audit*

Our audit procedures related to the evaluation of the U.S Federal taxability of the spin-off included the following, among others:

We tested the effectiveness of controls over management's evaluation of the spin-off as tax free for U.S. Federal income tax. We inspected the opinion from the Company's outside legal counsel that management utilized in forming their conclusions on U.S. Federal taxability of the spin-off, including certain interpretations of the Code and related statutes.

We assessed the key facts and assumptions in the opinion from the Company's outside legal counsel detailing the requirements under the Code and specifying how such requirements were met. With the assistance of our income tax specialists, we evaluated management's conclusion that the requirements were met to qualify the spin-off as tax free for U.S. Federal income tax purposes.

We inspected meeting minutes of the Board of Directors and its committees, income tax filings, support from external advisors, historical financial results of the Company and Victoria's Secret, and contracts associated with the spin-off for corroborating or contradictory evidence.

We obtained written representations from management concerning management's intent associated with future transactions that could affect U.S. Federal taxability.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

Grandview Heights, Ohio  
March 18, 2022



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

	2021	2020	2019
Net Sales	\$ 7,882	\$ 6,434	\$ 5,405
Costs of Goods Sold, Buying and Occupancy	(4,027)	(3,338)	(3,018)
Gross Profit	3,855	3,096	2,387
General, Administrative and Store Operating Expenses	(1,846)	(1,492)	(1,347)
Operating Income	2,009	1,604	1,040
Interest Expense	(388)	(432)	(370)
Other Loss	(198)	(50)	(62)
Income from Continuing Operations Before Income Taxes	1,423	1,122	608
Provision for Income Taxes	348	257	148
Net Income from Continuing Operations	1,075	865	460
Income (Loss) from Discontinued Operations, Net of Tax	258	(21)	(826)
Net Income (Loss)	<u>\$ 1,333</u>	<u>\$ 844</u>	<u>\$ (366)</u>
Net Income (Loss) per Basic Share			
Continuing Operations	\$ 4.00	\$ 3.11	\$ 1.66
Discontinued Operations	0.96	(0.07)	(2.99)
Total Net Income (Loss) per Basic Share	<u>\$ 4.96</u>	<u>\$ 3.04</u>	<u>\$ (1.33)</u>
Net Income (Loss) per Diluted Share			
Continuing Operations	\$ 3.94	\$ 3.07	\$ 1.65
Discontinued Operations	0.95	(0.07)	(2.97)
Total Net Income (Loss) per Diluted Share	<u>\$ 4.88</u>	<u>\$ 3.00</u>	<u>\$ (1.32)</u>

**BATH & BODY WORKS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in millions)

	2021	2020	2019
Net Income (Loss)	\$ 1,333	\$ 844	\$ (366)
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation	2	(3)	(5)
Reclassification of Currency Translation to Earnings	—	36	—
Unrealized Gain (Loss) on Cash Flow Hedges	1	(2)	2
Reclassification of Cash Flow Hedges to Earnings	2	—	(4)
Total Other Comprehensive Income (Loss), Net of Tax	5	31	(7)
Total Comprehensive Income (Loss)	<u>\$ 1,338</u>	<u>\$ 875</u>	<u>\$ (373)</u>

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 29, 2022	January 30, 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,979	\$ 3,568
Accounts Receivable, Net	240	148
Inventories	709	572
Other	81	52
Current Assets of Discontinued Operations	—	1,239
Total Current Assets	3,009	5,579
Property and Equipment, Net	1,009	1,017
Operating Lease Assets	1,021	968
Goodwill	628	628
Trade Name	165	165
Deferred Income Taxes	45	58
Other Assets	149	175
Other Assets of Discontinued Operations	—	2,981
Total Assets	\$ 6,026	\$ 11,571
<b>LIABILITIES AND EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts Payable	\$ 435	\$ 345
Accrued Expenses and Other	651	727
Current Operating Lease Liabilities	170	173
Income Taxes	34	83
Current Liabilities of Discontinued Operations	—	1,498
Total Current Liabilities	1,290	2,826
Deferred Income Taxes	157	141
Long-term Debt	4,854	6,366
Long-term Operating Lease Liabilities	989	942
Other Long-term Liabilities	253	290
Other Long-term Liabilities of Discontinued Operations	—	1,667
Shareholders' Equity (Deficit):		
Preferred Stock—\$1.00 par value; 10 shares authorized; none issued	—	—
Common Stock—\$0.50 par value; 1,000 shares authorized; 269 and 286 shares issued; 254 and 278 shares outstanding, respectively	134	143
Paid-in Capital	893	891
Accumulated Other Comprehensive Income	80	83
Retained Earnings (Accumulated Deficit)	(1,803)	(1,421)
Less: Treasury Stock, at Average Cost; 15 and 8 shares, respectively	(822)	(358)
Total Bath & Body Works, Inc. Shareholders' Equity (Deficit)	(1,518)	(662)
Noncontrolling Interest	1	1
Total Equity (Deficit)	(1,517)	(661)
Total Liabilities and Equity (Deficit)	\$ 6,026	\$ 11,571

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)

	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						
<b>Balance, February 2, 2019</b>	275	\$ 141	\$ 771	\$ 59	\$ (1,482)	\$ (358)	\$ 4	\$ (865)
Cumulative Effect of Accounting Change	—	—	—	—	(2)	—	—	(2)
<b>Balance, February 3, 2019</b>	275	\$ 141	\$ 771	\$ 59	\$ (1,484)	\$ (358)	\$ 4	\$ (867)
Net Loss	—	—	—	—	(366)	—	—	(366)
Other Comprehensive Loss	—	—	—	(7)	—	—	—	(7)
Total Comprehensive Loss	—	—	—	(7)	(366)	—	—	(373)
Cash Dividends (\$1.20 per share)	—	—	—	—	(332)	—	—	(332)
Share-based Compensation and Other	2	1	76	—	—	—	—	77
<b>Balance, February 1, 2020</b>	277	\$ 142	\$ 847	\$ 52	\$ (2,182)	\$ (358)	\$ 4	\$ (1,495)
Net Income	—	—	—	—	844	—	—	844
Other Comprehensive Income	—	—	—	31	—	—	—	31
Total Comprehensive Income	—	—	—	31	844	—	—	875
Cash Dividends (\$0.30 per share)	—	—	—	—	(83)	—	—	(83)
Share-based Compensation and Other	1	1	44	—	—	—	(3)	42
<b>Balance, January 30, 2021</b>	278	\$ 143	\$ 891	\$ 83	\$ (1,421)	\$ (358)	\$ 1	\$ (661)
Net Income	—	—	—	—	1,333	—	—	1,333
Other Comprehensive Income	—	—	—	5	—	—	—	5
Total Comprehensive Income	—	—	—	5	1,333	—	—	1,338
Victoria's Secret Spin-Off	—	—	—	(8)	(175)	—	—	(183)
Cash Dividends (\$0.45 per share)	—	—	—	—	(120)	—	—	(120)
Repurchases of Common Stock	(28)	—	—	—	—	(1,964)	—	(1,964)
Treasury Share Retirement	—	(11)	(69)	—	(1,420)	1,500	—	—
Share-based Compensation and Other	4	2	71	—	—	—	—	73
<b>Balance, January 29, 2022</b>	254	\$ 134	\$ 893	\$ 80	\$ (1,803)	\$ (822)	\$ 1	\$ (1,517)

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

**BATH & BODY WORKS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (a)**

(in millions)

	2021	2020	2019
<b>Operating Activities</b>			
Net Income (Loss)	\$ 1,333	\$ 844	\$ (366)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation of Long-lived Assets	363	521	588
Loss on Extinguishment of Debt	195	53	40
Share-based Compensation Expense	46	50	87
Deferred Income Taxes	45	33	(29)
Impairment of Victoria's Secret Goodwill	—	—	720
Victoria's Secret Asset Impairment Charges	—	254	263
Gain from Victoria's Secret Hong Kong Store Closure and Lease Termination	—	(39)	—
Gain Related to Formation of Victoria's Secret U.K. Joint Venture	—	(54)	—
La Senza Charges	—	—	37
Changes in Assets and Liabilities:			
Accounts Receivable	(64)	38	31
Inventories	(177)	3	(40)
Accounts Payable, Accrued Expenses and Other	(86)	166	(93)
Income Taxes Payable	(72)	(43)	18
Other Assets and Liabilities	(91)	213	(20)
Net Cash Provided by Operating Activities	<u>1,492</u>	<u>2,039</u>	<u>1,236</u>
<b>Investing Activities</b>			
Capital Expenditures	(270)	(228)	(458)
Other Investing Activities	11	9	(22)
Net Cash Used for Investing Activities	<u>(259)</u>	<u>(219)</u>	<u>(480)</u>
<b>Financing Activities</b>			
Proceeds from Issuance of Long-term Debt, Net of Issuance Costs	—	2,218	486
Payments of Long-term Debt	(1,716)	(1,307)	(799)
Borrowing from Credit Agreement	—	950	12
Repayment of Credit Agreement	—	(950)	(12)
Proceeds from Spin-Off of Victoria's Secret & Co.	976	—	—
Transfers and Payments to Victoria's Secret & Co. related to Spin-Off	(376)	—	—
Net Borrowings from (Repayments of) Victoria's Secret Foreign Facilities	—	(155)	5
Repurchases of Common Stock	(1,964)	—	—
Dividends Paid	(120)	(83)	(332)
Proceeds from Stock Option Exercises	83	8	1
Tax Payments related to Share-based Awards	(59)	(12)	(13)
Payments of Finance Lease Obligations	(12)	(53)	(8)
Other Financing Activities	—	(6)	(6)
Net Cash Provided by (Used for) Financing Activities	<u>(3,188)</u>	<u>610</u>	<u>(666)</u>
Effects of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	1	4	(4)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	(1,954)	2,434	86
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	3,933	1,499	1,413
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 1,979</u>	<u>\$ 3,933</u>	<u>\$ 1,499</u>

(a) The cash flows related to discontinued operations have not been segregated. Accordingly, the Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

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

## BATH & BODY WORKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Description of Business and Summary of Significant Accounting Policies

##### Description of Business

Bath & Body Works, Inc. ("Bath & Body Works" or the "Company") is a specialty retailer of home fragrance, body care products and soaps and sanitizer products. Through the Bath & Body Works, White Barn and other brand names, the Company sells merchandise through Company-operated specialty retail stores in the United States of America ("U.S.") and Canada, and through its websites and other channels. The Company's international operations are primarily through franchise, license and wholesale partners.

On August 2, 2021, the Company completed the tax-free spin-off of its Victoria's Secret business, which included the Victoria's Secret and PINK brands, into an independent publicly traded company (the "Separation"). Accordingly, the operating results of, and costs to separate, the Victoria's Secret business are reported in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for all periods presented. In addition, the related assets and liabilities are reported as Assets and Liabilities of Discontinued Operations on the Consolidated Balance Sheets. All amounts and disclosures included in the Notes to Consolidated Financial Statements reflect only the Company's continuing operations unless otherwise noted. For additional information, see Note 2, "Discontinued Operations."

On August 2, 2021, in connection with the tax-free spin-off of the Victoria's Secret business discussed above, the Company changed its name from L Brands, Inc. to Bath & Body Works, Inc. Additionally, starting August 3, 2021, the Company's common stock began trading under the stock symbol "BBWI."

##### Segment Reporting

The Company operates as and reports a single segment that includes all of its continuing operations. The Company previously had two reportable segments: Bath & Body Works and Victoria's Secret. The Victoria's Secret reportable segment was spun-off on August 2, 2021 and is reported as discontinued operations for all periods presented.

##### Impacts of COVID-19

The coronavirus ("COVID-19") pandemic has created significant public health concerns as well as economic disruption, uncertainty and volatility. The Company's operations and financial performance have been materially impacted by the COVID-19 pandemic. In the first quarter of 2020, all the Company-operated stores were closed on March 17, 2020, but the Company was able to re-open the majority of its stores as of the end of the second quarter of 2020. The direct business remained open for the duration of 2020. During 2020, the Company took prudent actions to manage expenses and to maintain its cash position and financial flexibility.

The Company adopted new operating models focused on safety in connection with the pandemic. The Company continues to remain focused on providing a safe store environment for its customers and associates, while also delivering an engaging shopping experience. The Company also remains focused on the safe operations of its corporate facilities, and distribution and fulfillment centers while maximizing its direct business. There remains the potential for COVID-related closures or operating restrictions, which could materially impact the Company's operations and financial performance in future periods.

##### Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "2021," "2020," and "2019" refer to the 52-week periods ended January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

##### 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. 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 Loss in the Consolidated Statements of Income (Loss). The Company's equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value.

**Cash and Cash Equivalents**

Cash and Cash Equivalents include cash on hand, demand deposits with financial institutions and highly liquid investments with original maturities of less than 90 days. The Company's outstanding checks are included in Accounts Payable on the Consolidated Balance Sheets.

**Restricted Cash**

During 2020, the Company placed cash on deposit with certain financial institutions as collateral for their lending commitments to certain former Victoria's Secret subsidiaries. These deposits totaled \$30 million as of January 30, 2021 and were recorded in Other Assets on the Consolidated Balance Sheet. During the second quarter of 2021, these lending commitments were terminated which released the restrictions on this cash. Accordingly, the balance was reclassified to Cash and Cash Equivalents during the second quarter of 2021.

The following table summarizes the location of the Company's Cash and Cash Equivalents and restricted cash in the Consolidated Balance Sheets as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Cash and Cash Equivalents	\$ 1,979	\$ 3,568
Current Assets of Discontinued Operations	—	335
Other Assets	—	30
<b>Total Cash and Cash Equivalents and Restricted Cash</b>	<b>\$ 1,979</b>	<b>\$ 3,933</b>

**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 transacts and limits the amount of credit exposure with any one entity. The Company's investment portfolio is primarily comprised 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 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.

**Inventories**

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

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

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

**Advertising Costs**

Advertising and marketing costs are expensed at the time the promotion first appears in media, in the store or when the advertising is mailed. Advertising and marketing costs totaled \$166 million for 2021, \$112 million for 2020 and \$122 million for 2019.

## Property and Equipment

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

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

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

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

### Leases and Leasehold Improvements

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

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

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

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

### Intangible Assets - Goodwill and Trade Name

The Company has recorded goodwill and trade name intangible assets resulting from business combinations that are recorded at cost.

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

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

### **Foreign Currency Translation**

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

### **Derivative Financial Instruments**

The earnings of the Company's Canadian operations are subject to exchange rate risk as substantially all the merchandise 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 (loss) upon sale of the hedged merchandise to the customer. These gains and losses are recognized in Costs of Goods Sold, Buying and Occupancy in the Consolidated Statements of Income (Loss). 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.

### **Fair Value**

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

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

The Company estimates the fair value of financial instruments, property and equipment and goodwill and trade names in accordance with the provisions of ASC 820.

### **Income Taxes**

The Company accounts for income taxes under the asset and liability method. Under this method, taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are



expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the Company's Consolidated Statements of Income (Loss) in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

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

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

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

### **Self-Insurance**

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

### **Noncontrolling Interest**

Noncontrolling interest represents the portion of equity interests of consolidated affiliates not owned by the Company.

### **Share-based Compensation**

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

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

### **Revenue Recognition**

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

The Company offers a loyalty program that allows customers to earn points based on purchasing activity. As customers accumulate points and reach point thresholds, they can use the points to purchase merchandise in stores or online. The Company allocates revenue to points earned on qualifying purchases and defers recognition until the points are redeemed. The

amount of revenue deferred is based on the relative stand-alone selling price method, which includes an estimate for points not expected to be redeemed based on historical experience.

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

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

#### **Costs of Goods Sold, Buying and Occupancy**

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

#### **General, Administrative and Store Operating Expenses**

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

#### **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**

The Company did not adopt any new accounting standards during 2021 that had a material impact on the Company's consolidated results of operations, financial position or cash flows. In addition, as of March 18, 2022, there are no new accounting standards not yet adopted that are expected to have a material impact on the Company's consolidated results of operations, financial position or cash flows.

## **2. Discontinued Operations**

On July 9, 2021, the Company announced that its Board of Directors (the "Board") approved the previously announced Separation of the Victoria's Secret business into an independent, publicly traded company, Victoria's Secret & Co. On August 2, 2021 (the "Distribution Date"), after the New York Stock Exchange ("NYSE") market closing, the Separation was completed. The Separation was achieved through the Company's tax-free distribution (the "Distribution") of 100% of the shares of Victoria's Secret & Co. common stock to holders of L Brands, Inc. common stock as of the close of business on the record date of July 22, 2021. The Company's stockholders of record received one share of Victoria's Secret & Co. common stock for every three shares of the Company's common stock. On August 3, 2021, Victoria's Secret & Co. became an independent, publicly-traded company trading on the NYSE under the stock symbol "VSCO." The Company retained no ownership interest in Victoria's Secret & Co. following the Separation.

In July 2021, Victoria's Secret & Co., prior to the Separation and while a subsidiary of the Company, issued \$600 million of 4.625% notes due in July 2029 (the "VSCO Notes"). As of July 31, 2021, the initial proceeds were held in escrow for release to Victoria's Secret & Co. upon satisfaction of certain conditions, including completion of the Separation. Additionally, on August 2, 2021, in connection with the Separation, Victoria's Secret & Co. entered into a term loan facility with an aggregate principal amount of \$400 million and a senior secured asset-based revolving credit facility with an aggregate principal committed amount of \$750 million. In connection with the Separation, Victoria's Secret & Co. received net cash proceeds of \$384 million from its \$400 million borrowing under its credit facilities. The proceeds from the credit facilities and the \$592 million net proceeds from the VSCO Notes were used to fund cash payments of \$976 million to the Company in connection with the Separation. The Company does not guarantee the VSCO Notes, the Victoria's Secret & Co. term loan facility or the Victoria's Secret & Co. senior secured asset-based revolving credit facility following the Separation.

Cash and Cash Equivalents of \$282 million held by Victoria's Secret subsidiaries were transferred to Victoria's Secret & Co. on the Distribution Date. Additionally, the Company made payments of \$94 million during 2021 to Victoria's Secret & Co. following the Separation for costs incurred prior to the Distribution Date pursuant to the terms of the Separation agreements.

During 2021, the Company recognized a net reduction to Retained Earnings (Accumulated Deficit) of \$175 million as a result of the Separation, primarily related to the transfer of certain assets and liabilities associated with its Victoria's Secret business to Victoria's Secret & Co., net of the \$976 million of cash payments received from Victoria's Secret & Co. Additionally, the Company reclassified out of Accumulated Other Comprehensive Income \$8 million of accumulated foreign currency translation adjustments related to the Victoria's Secret business.

In connection with the Separation, the Company entered into several agreements with Victoria's Secret & Co. that govern the relationship of the parties following the spin-off, including the Separation and Distribution Agreement, the Transition Services Agreements, the Tax Matters Agreement, the Employee Matters Agreement and the Domestic Transportation Services Agreement.

Under the terms of the Transition Services Agreements, the Company provides to Victoria's Secret & Co. various services or functions, including human resources, payroll and certain logistics functions. Additionally, Victoria's Secret & Co. provides to the Company various services or functions, including information technology, certain logistics functions, customer marketing and customer call center services. Generally, these services will be performed for a period of up to two years following the Distribution, except for information technology services, which will be provided for a period of up to three years following the Distribution and may be extended for a maximum of two additional one-year periods subject to increased administrative charges. Consideration and costs for the transition services are determined using several billing methodologies as described in the agreements, including customary billing, pass-through billing, percent of sales billing or fixed fee billing. Consideration for transition services provided to Victoria's Secret & Co. are recorded within the 2021 Consolidated Statement of Income based on the nature of the service and as an offset to expenses incurred to provide the services. Costs for transition services provided by Victoria's Secret & Co. are recorded within the 2021 Consolidated Statement of Income based on the nature of the service. During 2021, the Company recognized consideration of \$42 million and recognized costs of \$55 million pursuant to the Transition Service Agreements.

Under the terms of the Domestic Transportation Services Agreement, the Company provides transportation services for Victoria's Secret & Co. merchandise in the United States and Canada for an initial term of three years following the Distribution, which term will thereafter continuously renew unless and until Victoria's Secret & Co. or the Company elects to terminate the arrangement upon 18 or 36 months' prior written notice, respectively. Consideration for the transportation services is determined using customary billing and fixed billing methodologies, which are described in the agreement, and are subject to an administrative charge. Consideration for logistics services provided to Victoria's Secret & Co. are recorded within Costs of Goods Sold, Buying and Occupancy in the 2021 Consolidated Statement of Income and as an offset to expenses incurred to provide the services. During 2021, the Company recognized consideration of \$46 million pursuant to the Domestic Transportation Services Agreement.

In conjunction with the Separation, the Company has contingent obligations relating to certain lease payments under the current terms of noncancelable leases. For additional information, see Note 16, "Commitments and Contingencies."

### ***Financial Information of Discontinued Operations***

Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) reflects the after-tax results of the Victoria's Secret business and Separation-related fees, and does not include any allocation of general corporate overhead expense or interest expense of the Company.

The following table summarizes the significant line items included in Income (Loss) from Discontinued Operations, Net of Tax in the Consolidated Statements of Income (Loss) for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Net Sales	\$ 3,194	\$ 5,413	\$ 7,509
Costs of Goods Sold, Buying and Occupancy	(1,841)	(3,842)	(5,446)
General, Administrative and Store Operating Expenses (a)	(975)	(1,595)	(2,845)
Interest Expense	(2)	(6)	(8)
Other Income (Loss)	(3)	—	1
Income (Loss) from Discontinued Operations Before Income Taxes	373	(30)	(789)
Provision (Benefit) for Income Taxes	115	(9)	37
<b>Income (Loss) from Discontinued Operations, Net of Tax</b>	<b>\$ 258</b>	<b>\$ (21)</b>	<b>\$ (826)</b>

(a) 2021 includes Separation-related expenses of \$104 million. Prior to the Separation, these costs were reported in the Other category under the Company's previous segment reporting.

The information presented as discontinued operations on the Consolidated Balance Sheets includes certain assets and liabilities that were transferred to Victoria's Secret & Co. pursuant to the Separation agreements, and excludes certain liabilities that were retained by the Company in connection with the Separation. There were no assets or liabilities classified as discontinued operations as of January 29, 2022.

The following table summarizes the carrying value of the significant classes of assets and liabilities classified as discontinued operations as of January 30, 2021:

	January 30, 2021 (in millions)
Cash and Cash Equivalents	\$ 335
Accounts Receivable, Net	121
Inventories	701
Other	82
<b>Current Assets of Discontinued Operations</b>	<b>1,239</b>
Property and Equipment, Net	1,078
Operating Lease Assets	1,590
Trade Names	246
Deferred Income Taxes	11
Other Assets	56
<b>Other Assets of Discontinued Operations</b>	<b>\$ 2,981</b>
Accounts Payable	\$ 338
Accrued Expenses and Other	730
Current Operating Lease Liabilities	421
Income Taxes	9
<b>Current Liabilities of Discontinued Operations</b>	<b>1,498</b>
Deferred Income Taxes	93
Long-term Operating Lease Liabilities	1,553
Other Long-term Liabilities	21
<b>Other Long-term Liabilities of Discontinued Operations</b>	<b>\$ 1,667</b>

The cash flows related to discontinued operations have not been segregated, and are included in the Consolidated Statements of Cash Flows for all periods presented. The following table summarizes depreciation and other significant operating non-cash items, capital expenditures and financing activities of discontinued operations for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Depreciation of Long-Lived Assets	\$ 158	\$ 326	\$ 411
Share-based Compensation Expense	15	25	38
Deferred Income Taxes	3	16	(40)
Impairment of Victoria's Secret Goodwill	—	—	720
Victoria's Secret Asset Impairment Charges	—	254	263
Gain from Victoria's Secret Hong Kong Store Closure and Lease Termination	—	(39)	—
Gain Related to Formation of Victoria's Secret U.K. Joint Venture	—	(54)	—
Capital Expenditures	(66)	(127)	(225)
Net Borrowings from (Repayments of) Victoria's Secret Foreign Facilities	—	(155)	5

### 3. Revenue Recognition

Accounts Receivable, Net from revenue-generating activities were \$64 million as of January 29, 2022 and \$51 million as of January 30, 2021. 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 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 \$148 million as of January 29, 2022 and \$115 million as of January 30, 2021. The Company recognized \$76 million as revenue in 2021 from amounts recorded as deferred revenue at the beginning of the period.

The following table provides a disaggregation of Net Sales for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Stores - U.S. and Canada	\$ 5,709	\$ 4,207	\$ 4,212
Direct - U.S. and Canada	1,890	2,003	958
International (a)	283	224	185
Other (b)	—	—	50
<b>Total Net Sales</b>	<b>\$ 7,882</b>	<b>\$ 6,434</b>	<b>\$ 5,405</b>

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

(b) Results for 2019 include wholesale revenues to La Senza, subsequent to the Company's divestiture of the business in 2018.

The Company's net sales outside of the U.S. include sales from Company-operated stores and e-commerce site in Canada, royalty revenue from franchise and license arrangements and wholesale revenues. 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 \$626 million in 2021, \$471 million in 2020 and \$497 million in 2019.

#### 4. Earnings (Loss) Per Share

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

The following table provides the weighted-average shares utilized for the calculation of basic and diluted earnings (loss) per share for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Common Shares	282	286	284
Treasury Shares	(13)	(8)	(8)
<b>Basic Shares</b>	<b>269</b>	<b>278</b>	<b>276</b>
Effect of Dilutive Restricted Stock and Options	4	3	2
<b>Diluted Shares</b>	<b>273</b>	<b>281</b>	<b>278</b>
Anti-dilutive Options and Awards (a)	1	5	6

(a) These options and awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

#### 5. Restructuring Activities

During the second quarter of 2020, the Company completed a comprehensive review of its home office organizations in order to achieve meaningful reductions in overhead expenses and decentralize significant shared functions and services to support the separation of the Bath & Body Works and Victoria's Secret businesses. Pre-tax severance and related costs associated with these reductions, totaling \$30 million, are included in General, Administrative and Store Operating Expenses in the 2020 Consolidated Statement of Income. The remaining liability for unpaid severance and related costs was not significant as of January 29, 2022.

## 6. Inventories

The following table provides details of inventories as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Finished Goods Merchandise	\$ 521	\$ 410
Raw Materials and Merchandise Components	188	162
<b>Total Inventories</b>	<b>\$ 709</b>	<b>\$ 572</b>

## 7. Long-Lived Assets

The following table provides details of Property and Equipment, Net as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Land and Improvements	\$ 89	\$ 89
Buildings and Improvements	301	310
Furniture, Fixtures, Software and Equipment	1,408	1,309
Leasehold Improvements	722	689
Construction in Progress	63	15
<b>Total</b>	<b>2,583</b>	<b>2,412</b>
Accumulated Depreciation and Amortization	(1,574)	(1,395)
<b>Property and Equipment, Net</b>	<b>\$ 1,009</b>	<b>\$ 1,017</b>

Depreciation expense from continuing operations was \$205 million in 2021, \$195 million in 2020 and \$177 million in 2019.

The Company's internationally-based long-lived assets, including operating lease assets, were \$116 million as of January 29, 2022 and \$113 million as of January 30, 2021.

## 8. Leases

The following table provides the components of lease cost for operating leases for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Operating Lease Costs	\$ 216	\$ 223	\$ 207
Variable Lease Costs	108	59	52
Short-term Lease Costs	34	29	22
<b>Total Lease Cost</b>	<b>\$ 358</b>	<b>\$ 311</b>	<b>281</b>

During 2020, rent was not paid, or was only partially paid, for many stores due to the COVID-19 pandemic. The Financial Accounting Standards Board issued guidance in April 2020 which allowed certain COVID-19-related concessions to be recognized as a reduction of lease costs in the period an amendment is executed. As a result, the Company recognized a \$21 million reduction to occupancy expenses in the 2020 Consolidated Statement of Income as a result of executed amendments with landlords.

The following table provides future maturities of operating lease liabilities as of January 29, 2022:

<b>Fiscal Year</b>	<b>(in millions)</b>
2022	\$ 228
2023	213
2024	203
2025	191
2026	170
Thereafter	382
<b>Total Lease Payments</b>	<b>\$ 1,387</b>
Less: Interest	(228)
<b>Present Value of Operating Lease Liabilities</b>	<b>\$ 1,159</b>

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

As of January 29, 2022, the Company had additional operating lease commitments that have not yet commenced of \$37 million.

The following table provides the weighted average remaining lease term and discount rate for operating leases with lease liabilities as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
Weighted Average Remaining Lease Term (years)	6.9	7.0
Weighted Average Discount Rate	5.4 %	5.8 %

The following table provides supplemental cash flow information related to the Company's operating leases for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Cash paid for Operating Lease Liabilities (a)	\$ 245	\$ 172	\$ 197
Lease Assets obtained as a result of new Lease Liabilities	209	204	199

(a) These payments are included within the Operating Activities section of the Consolidated Statements of Cash Flows.

### **Finance Leases**

The Company leases certain fulfillment equipment under finance leases that expire at various dates through 2029. The Company records finance lease assets, net of accumulated amortization, in Property and Equipment, Net on the Consolidated Balance Sheets. Additionally, the Company records finance lease liabilities in Accrued Expenses and Other and Other Long-term Liabilities on the Consolidated Balance Sheets. Finance lease costs are comprised of the straight-line amortization of the lease asset and the accretion of interest expense under the effective interest method. The Company's finance lease assets and liabilities were not significant for any period presented.



## 9. Intangible Assets

### Goodwill

The Company's goodwill was \$628 million as of January 29, 2022 and January 30, 2021.

The Company performed its qualitative goodwill impairment assessments as of January 29, 2022 and January 30, 2021 and determined that the fair value was greater than the carrying value (including goodwill) as of both dates.

### Trade Name

The Company's trade name was \$165 million as of January 29, 2022 and January 30, 2021.

The Company performed its impairment assessments of the trade name as of January 29, 2022 and January 30, 2021, utilizing the relief from royalty method under the income approach, and determined that its fair value was greater than its carrying value as of both dates.

## 10. Equity Investments

### Easton

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 \$126 million as of January 29, 2022 and \$119 million as of January 30, 2021, are recorded in Other Assets on the Consolidated Balance Sheets.

Included in the Company's Easton investments are equity interests in Easton Town Center, LLC ("ETC") and Easton Gateway, LLC ("EG"), entities that own and develop commercial entertainment and shopping centers. The Company's investments in ETC and EG are accounted for using the equity method of accounting. The Company has a majority financial interest in ETC and EG, but another unaffiliated member manages them, and certain significant decisions regarding ETC and EG require the consent of unaffiliated members in addition to the Company.

## 11. Accrued Expenses and Other

The following table provides additional information about the composition of Accrued Expenses and Other as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Deferred Revenue, Principally from Gift Card Sales	\$ 148	\$ 115
Compensation, Payroll Taxes and Benefits	142	181
Supplemental Retirement Plan	—	100
Interest	75	94
Taxes, Other than Income	39	53
Rent	47	25
Accrued Claims on Self-insured Activities	38	39
Other	162	120
<b>Total Accrued Expenses and Other</b>	<b>\$ 651</b>	<b>\$ 727</b>

## 12. Income Taxes

Current income tax expense represents the amounts expected to be reported on the Company's income tax returns, and deferred tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

The following table provides the components of the Company's provision for income taxes for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
<b>Current:</b>			
U.S. Federal	\$ 249	\$ 178	\$ 116
U.S. State	53	52	16
Non-U.S.	4	10	5
<b>Total</b>	<b>306</b>	<b>240</b>	<b>137</b>
<b>Deferred:</b>			
U.S. Federal	24	6	11
U.S. State	10	5	4
Non-U.S.	8	6	(4)
<b>Total</b>	<b>42</b>	<b>17</b>	<b>11</b>
<b>Provision for Income Taxes</b>	<b>\$ 348</b>	<b>\$ 257</b>	<b>\$ 148</b>

The non-U.S. component of pre-tax income, arising principally from overseas operations, was income of \$110 million, \$67 million and \$29 million for 2021, 2020 and 2019, respectively.

The following table provides the reconciliation between the statutory federal income tax rate and the effective tax rate for 2021, 2020 and 2019:

	2021	2020	2019
Federal Income Tax Rate	21.0 %	21.0 %	21.0 %
State Income Taxes, Net of Federal Income Tax Effect	4.2 %	4.9 %	5.0 %
Impact of Non-U.S. Operations	0.1 %	0.5 %	(0.2 %)
Share-based Compensation	(0.7 %)	0.7 %	1.3 %
Uncertain Tax Positions	(0.5 %)	(4.9 %)	(3.7 %)
Other Items, Net	0.4 %	0.7 %	0.9 %
<b>Effective Tax Rate</b>	<b>24.5 %</b>	<b>22.9 %</b>	<b>24.3 %</b>

#### Deferred Taxes

The following table provides the effect of temporary differences that cause deferred income taxes as of January 29, 2022 and January 30, 2021. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective year.

	January 29, 2022			January 30, 2021		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	(in millions)					
Loss Carryforwards	\$ 405	\$ —	\$ 405	\$ 403	\$ —	\$ 403
Non-qualified Retirement Plan	—	—	—	22	(2)	20
Leases	264	(251)	13	259	(247)	12
Share-based Compensation	8	—	8	17	—	17
Property and Equipment	—	(105)	(105)	4	(122)	(118)
Trade Names	—	(38)	(38)	—	(38)	(38)
Other Assets	—	(62)	(62)	—	(60)	(60)
Other, Net	46	(16)	30	45	(14)	31
Valuation Allowance	(363)	—	(363)	(350)	—	(350)
<b>Total Deferred Income Taxes</b>	<b>\$ 360</b>	<b>\$ (472)</b>	<b>\$ (112)</b>	<b>\$ 400</b>	<b>\$ (483)</b>	<b>\$ (83)</b>

As of January 29, 2022, the Company had loss carryforwards of \$405 million, of which \$248 million has an indefinite carryforward. The remainder of the U.S. and non-U.S. carryforwards, if unused, will expire at various dates from 2022 through 2040 and 2029 through 2041, respectively. For certain jurisdictions where the Company has determined that it is more likely

than not that the loss carryforwards will not be realized, a valuation allowance has been provided on those loss carryforwards as well as other net deferred tax assets.

Income tax payments were \$487 million for 2021, \$200 million for 2020 and \$228 million for 2019.

On August 2, 2021, the Company and Victoria's Secret & Co. entered into a Tax Matters Agreement ("TMA"). Under the TMA, the Company will generally be responsible for all U.S. federal, state, local and non-U.S. income taxes of Victoria's Secret & Co. for any taxable period or portion of such period ending on or before the Distribution Date.

#### Uncertain Tax Positions

The following table summarizes the activity related to the Company's unrecognized tax benefits for U.S. federal, state & non-U.S. tax jurisdictions for 2021, 2020 and 2019, without interest and penalties:

	2021	2020	2019
	(in millions)		
<b>Gross Unrecognized Tax Benefits, as of the Beginning of the Fiscal Year</b>	\$ 152	\$ 88	\$ 114
Increases to Unrecognized Tax Benefits for Prior Years	5	7	15
Decreases to Unrecognized Tax Benefits for Prior Years	(12)	(50)	(22)
Increases to Unrecognized Tax Benefits as a Result of Current Year Activity	21	113	3
Decreases to Unrecognized Tax Benefits Relating to Settlements with Taxing Authorities	(3)	—	(16)
Decreases to Unrecognized Tax Benefits as a Result of a Lapse of the Applicable Statute of Limitations	(16)	(6)	(6)
<b>Gross Unrecognized Tax Benefits, as of the End of the Fiscal Year</b>	<u>\$ 147</u>	<u>\$ 152</u>	<u>\$ 88</u>

Of the total gross unrecognized tax benefits, approximately \$132 million, \$142 million and \$81 million, at January 29, 2022, January 30, 2021, and February 1, 2020, respectively, represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts are net of the offsetting tax effects from other tax jurisdictions.

Of the total unrecognized tax benefits, it is reasonably possible that \$104 million could change in the next 12 months due to audit settlements, expiration of statute of limitations or other resolution of uncertainties. Due to the uncertain and complex application of tax regulations, it is possible that the ultimate resolution of audits may result in amounts which could be different from this estimate. In such case, the Company will record additional tax expense or tax benefit in the period in which such matters are effectively settled.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. The Company recognized an income tax benefit from interest and penalties of approximately \$2 million, \$3 million and \$1 million in 2021, 2020 and 2019, respectively. The Company has accrued \$8 million and \$10 million for the payment of interest and penalties as of January 29, 2022 and January 30, 2021, respectively. Accrued interest and penalties are included within Other Long-term Liabilities on the Consolidated Balance Sheets.

The Company files U.S. federal income tax returns as well as income tax returns in various states and in non-U.S. jurisdictions. The Company is a participant in the Compliance Assurance Process ("CAP"), which is a program made available by the Internal Revenue Service ("IRS") to certain qualifying large taxpayers, under which participants work collaboratively with the IRS to identify and resolve potential tax issues through open, cooperative and transparent interaction prior to the annual filing of their federal income tax returns. The IRS is currently examining the Company's 2020 and 2021 consolidated U.S. federal income tax returns.

The Company is also subject to various state and local income tax examinations for the years 2015 to 2020. Finally, the Company is subject to multiple non-U.S. tax jurisdiction examinations for the years 2009 to 2020. In some situations, the Company determines that it does not have a filing requirement in a particular tax jurisdiction. Where no return has been filed, no statute of limitations applies. Accordingly, if a tax jurisdiction reaches a conclusion that a filing requirement does exist, additional years may be reviewed by the tax authority. The Company believes it has appropriately accounted for uncertainties related to this issue.

### 13. Long-term Debt and Borrowing Facilities

The following table provides the Company's outstanding debt balance, net of unamortized debt issuance costs and discounts, as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
<b>Senior Secured Debt with Subsidiary Guarantee</b>		
\$750 million, 6.875% Fixed Interest Rate Secured Notes due July 2025 ("2025 Secured Notes")	\$ —	\$ 740
<b>Senior Debt with Subsidiary Guarantee</b>		
\$1 billion, 5.625% Fixed Interest Rate Notes due February 2022 ("2022 Notes")	—	284
\$500 million, 5.625% Fixed Interest Rate Notes due October 2023 ("2023 Notes")	—	319
\$320 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	316	493
\$297 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	281	278
\$500 million, 5.25% Fixed Interest Rate Notes due February 2028 ("2028 Notes")	497	497
\$500 million, 7.50% Fixed Interest Rate Notes due June 2029 ("2029 Notes")	489	488
\$1 billion, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")	990	988
\$1 billion, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")	992	991
\$700 million, 6.75% Fixed Interest Rate Notes due July 2036 ("2036 Notes")	694	694
<b>Total Senior Debt with Subsidiary Guarantee</b>	<b>\$ 4,259</b>	<b>\$ 5,032</b>
<b>Senior Debt</b>		
\$350 million, 6.95% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")	\$ 349	\$ 348
\$247 million, 7.60% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	246	246
<b>Total Senior Debt</b>	<b>\$ 595</b>	<b>\$ 594</b>
<b>Total Long-term Debt</b>	<b>\$ 4,854</b>	<b>\$ 6,366</b>

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

Fiscal Year (in millions)	
2022	\$ —
2023	—
2024	—
2025	320
2026	297
Thereafter	4,298

Cash paid for interest was \$354 million in 2021, \$415 million in 2020 and \$357 million in 2019.

#### Issuance of Notes

In September 2020, the Company issued \$1 billion of 6.625% senior notes due October 2030. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were \$988 million, which were net of issuance costs of \$12 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

In June 2020, the Company issued \$750 million of 6.875% senior secured notes due July 2025. The obligation to pay principal and interest on these notes was jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were \$738 million, which were net of issuance costs of \$12 million.

In June 2020, the Company also issued \$500 million of 9.375% senior notes due in July 2025. The obligation to pay principal and interest on these notes is jointly and severally guaranteed on a full and unconditional basis by the Company and certain of the Company's 100% owned subsidiaries. The proceeds from the issuance were \$492 million, which were net of issuance costs of \$8 million. The issuance costs are being amortized through the maturity date and are included within Long-term Debt on the Consolidated Balance Sheets.

### **Repurchases of Notes**

In September 2021, the Company completed tender offers to purchase \$270 million of its outstanding 2023 Notes and \$180 million of its outstanding 2025 Notes for an aggregate purchase price of \$532 million. Additionally, in October 2021, the Company redeemed the remaining \$50 million of its outstanding 2023 Notes for \$54 million. The Company recognized a pre-tax loss related to this extinguishment of debt of \$89 million (after-tax loss of \$68 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In April 2021, the Company redeemed the remaining \$285 million of its outstanding 2022 Notes and the \$750 million of its outstanding 2025 Secured Notes. The Company recognized a pre-tax loss related to this extinguishment of debt of \$105 million (after-tax loss of \$80 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2021 Consolidated Statement of Income.

In October 2020, the Company completed tender offers to purchase \$576 million of its outstanding 2022 Notes, \$180 million of its outstanding 2023 Notes and \$53 million of its outstanding 2037 Notes for \$844 million. The Company used the proceeds from the 2030 Notes to fund the purchase price of the tender offers. Additionally, utilizing cash on hand, the Company redeemed the remaining \$450 million of its outstanding 2021 Notes for \$463 million. The Company recognized a pre-tax loss related to this extinguishment of debt of \$53 million (after-tax loss of \$40 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2020 Consolidated Statement of Income.

In June 2019, the Company completed tender offers to purchase \$212 million of its outstanding 2020 Notes, \$330 million of its outstanding 2021 Notes and \$96 million of its outstanding 2022 Notes for \$669 million. The Company used the proceeds from the 2029 Notes, together with cash on hand, to fund the purchase price for the tender offers. Additionally, in July 2019, the Company redeemed the remaining \$126 million of its outstanding 2020 Notes for \$130 million. The Company recognized a pre-tax loss on this extinguishment of debt of \$40 million (after-tax loss of \$30 million), which includes the write-off of unamortized issuance costs. This loss is included in Other Loss in the 2019 Consolidated Statement of Loss.

### **Asset-backed Revolving Credit Facility**

The Company and certain of the Company's 100% owned subsidiaries guarantee and pledge collateral to secure a revolving credit facility (the "Credit Agreement"). During the first quarter of 2020, in an abundance of caution and as a proactive measure in response to the COVID-19 pandemic, the Company elected to borrow \$950 million from the Credit Agreement. In April 2020, the Company entered into an amendment and restatement of the Credit Agreement to convert the Company's credit facility into an asset-backed revolving credit facility (the "ABL Facility"), which allows borrowings and letters of credit in U.S. dollars or Canadian dollars. The \$950 million borrowing was repaid during the first quarter of 2020 upon completion of the April amendment.

In August 2021, the Company entered into an amendment and restatement (the "Amendment") of the Credit Agreement. The Amendment reduced the aggregate commitments under the ABL Facility to \$750 million, reduced the interest rates on outstanding borrowings by 50 basis points, removed the requirement to prepay outstanding amounts under the ABL Facility should the Company's consolidated cash balance exceed \$350 million, extended the expiration date from August 2024 to August 2026 and released Victoria's Secret & Co. subsidiaries as guarantors, among other things.

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 January 29, 2022, the Company's borrowing base was \$495 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 \$16 million of outstanding letters of credit as of January 29, 2022 that reduced its availability under the ABL Facility. As of January 29, 2022, the Company's availability under the ABL Facility was \$479 million.

As of January 29, 2022, the ABL Facility fees related to committed and unutilized amounts were 0.25% 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 London Interbank Offered Rate plus 1.25% per annum. The interest rate on outstanding Canadian dollar-denominated borrowings was Canadian Dollar Offered Rate plus 1.25% 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 (1) \$70 million or (2) 10% of the maximum borrowing amount. As of January 29, 2022, the Company was not required to maintain this ratio.

#### 14. 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 outstanding publicly traded debt as of January 29, 2022 and January 30, 2021:

	January 29, 2022	January 30, 2021
	(in millions)	
Principal Value	\$ 4,915	\$ 6,449
Fair Value, Estimated (a)	5,493	7,243

(a) The estimated fair value is based on reported transaction prices which are considered Level 2 inputs in accordance with ASC 820. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Management believes that the carrying values of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

#### 15. Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Income includes gains and losses on foreign currency translation and on foreign currency forward contracts designated as cash flow hedges. The cumulative gains and losses on these items are included in Accumulated Other Comprehensive Income on the Consolidated Balance Sheets and Consolidated Statements of Shareholders' Equity (Deficit).

The following table provides the rollforward of accumulated other comprehensive income for 2021:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
	(in millions)		
<b>Balance as of January 30, 2021</b>	\$ 85	\$ (2)	\$ 83
Other Comprehensive Income Before Reclassifications	2	1	3
Amounts Reclassified from Accumulated Other Comprehensive Income	—	3	3
Tax Effect	—	(1)	(1)
Current-period Other Comprehensive Income	2	3	5
Victoria's Secret Spin-Off	(8)	—	(8)
<b>Balance as of January 29, 2022</b>	<b>\$ 79</b>	<b>\$ 1</b>	<b>\$ 80</b>

The following table provides the rollforward of accumulated other comprehensive income for 2020:

	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income
	(in millions)		
<b>Balance as of February 1, 2020</b>	\$ 52	\$ —	\$ 52
Other Comprehensive Loss Before Reclassifications	(3)	(2)	(5)
Amounts Reclassified from Accumulated Other Comprehensive Income	36	—	36
Tax Effect	—	—	—
Current-period Other Comprehensive Income (Loss)	33	(2)	31
<b>Balance as of January 30, 2021</b>	<b>\$ 85</b>	<b>\$ (2)</b>	<b>\$ 83</b>

In 2020, the Victoria's Secret U.K. business was transitioned from a wholly-owned model to a joint venture business model. This transition represented a substantially complete liquidation of the investment in the U.K. Accordingly, \$36 million of

accumulated foreign-currency translation adjustments were reclassified out of Accumulated Other Comprehensive Income and into earnings. This amount is presented within Income (Loss) from Discontinued Operations, Net of Tax in the 2020 Consolidated Statement of Income.

## **16. Commitments and Contingencies**

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising out of the normal course of business. Actions filed against the Company from time to time include commercial, tort, intellectual property, customer, employment, data privacy, securities 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.

On May 19, 2020 and January 12, 2021, certain of the Company's stockholders 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 the Company and alleging, among other things, breaches of fiduciary duty through asserted violations of law and failures to monitor workplace conduct (the "Lawsuits"). In addition, the Company also received litigation and books-and-records demands from certain other stockholders related to the same matters (together with the Lawsuits, the "Actions").

In July 2021, the Company announced the global settlement resolving the Actions. The settlement resolves 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 releases all such claims against the Company and its past and present employees, officers and directors, among others. As part of the settlement, the Company has agreed to implement certain management and governance measures, including the maintenance of a Diversity, Equity, and Inclusion Council. Following the August 2, 2021 spin-off of Victoria's Secret & Co., the settlement terms will apply to both the Company and Victoria's Secret & Co. Each company has committed to invest \$45 million over at least five years to fund the management and governance measures. The settlement is subject to approval of the United States District Court of the Southern District of Ohio.

### ***Lease Guarantees***

In connection with the spin-off of Victoria's Secret & Co., the Company has remaining contingent obligations of approximately \$265 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. In addition, in connection with the sale of La Senza in the fourth quarter of 2018, the Company has remaining contingent obligations of approximately \$25 million as of January 29, 2022 related to lease payments under the current terms of noncancelable leases expiring at various dates through 2028. 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 as of January 29, 2022.

## **17. Retirement Benefits**

The Company sponsors a tax-qualified defined contribution retirement plan for substantially all of its associates within the U.S. Participation is available to associates who meet certain age and service requirements. The qualified plan permits participating associates to elect contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches associate contributions according to a predetermined formula and contributes additional amounts based on a percentage of the associates' eligible annual compensation and years of service. Associate contributions and Company matching contributions vest immediately. Additional Company contributions and the related investment earnings are subject to vesting based on years of service. Total expense recognized related to the qualified plan was \$38 million for 2021, \$37 million for 2020 and \$36 million for 2019.

The Company previously sponsored a non-qualified supplemental retirement plan. The non-qualified plan was an unfunded plan, which provided benefits beyond the Internal Revenue Code limits for qualified defined contribution plans. On June 27, 2020, the Human Capital and Compensation Committee of the Board authorized the termination of the non-qualified plan, after which time only certain contributions were permitted to be made based on eligible earnings prior to the termination date. In July 2021, the Company made payments of \$143 million in the aggregate for the final settlement of all its obligations and benefits payable under the non-qualified plan. Total expense recognized related to the non-qualified plan was not significant for any period presented.

## **18. Shareholders' Equity (Deficit)**

### ***Common Stock Share Repurchases***

In March 2021, the Company's Board authorized a \$500 million share repurchase plan (the "March 2021 Plan"), which replaced the \$79 million remaining under a March 2018 repurchase program. Pursuant to the Board's authorization, the Company

entered into a Rule 10b5-1 purchase plan to effectuate share repurchases for the first \$250 million. In May 2021, the Company initiated a second \$250 million Rule 10b5-1 purchase plan to effectuate the remaining share repurchases under the March 2021 Plan

In July 2021, the Company's Board authorized a new \$1.5 billion share repurchase program (the "July 2021 Program"), which replaced the \$36 million remaining under the March 2021 Plan. Under the authorization of this program, in July 2021 the Company entered into a stock repurchase agreement with its former Chief Executive Officer ("CEO") and certain of his affiliated entities pursuant to which the Company repurchased 10 million shares of its common stock for an aggregate purchase price of \$730 million.

The Company did not repurchase any shares of its common stock in 2019 or 2020. The Company repurchased the following shares of its common stock during 2021:

<b>Repurchase Program</b>	<b>Amount Authorized</b>	<b>Shares Repurchased</b>	<b>Amount Repurchased</b>	<b>Average Stock Price</b>
	<b>(in millions)</b>	<b>(in thousands)</b>	<b>(in millions)</b>	
March 2021 (a)	\$ 500	6,996	\$ 464	\$ 66.30
July 2021 (a)		10,000	730	73.01
July 2021 (b)	1,500	11,234	770	68.53

(a) Reflects repurchases of L Brands, Inc. common stock prior to the August 2, 2021 spin-off of Victoria's Secret & Co.

(b) Reflects repurchases of Bath & Body Works, Inc. common stock subsequent to the August 2, 2021 spin-off of Victoria's Secret & Co.

On February 2, 2022, the Company announced that its Board authorized a new \$1.5 billion share repurchase program (the "February 2022 Program"). Also on February 2, 2022, as part of the February 2022 Program, the Company entered into an accelerated share repurchase transaction ("ASR") under which it will repurchase \$1 billion of its outstanding common stock. For additional information, see Note 21, "Subsequent Events."

Additionally, subsequent to January 29, 2022, the Company repurchased an additional 1.9 million shares of its common stock for \$92 million under the February 2022 Program.

#### *Common Stock Retirement*

In accordance with the Company's Board of Directors' resolution, shares of common stock repurchased under the July 2021 Program were to be retired and cancelled upon repurchase. As a result, the Company retired the 21 million shares repurchased under the July 2021 Program during 2021, which resulted in reductions of \$11 million in the par value of Common Stock, \$69 million in Paid-in Capital and \$1.420 billion in Retained Earnings (Accumulated Deficit).

#### *Dividends*

The Board suspended the quarterly cash dividend beginning in the second quarter of 2020 as a proactive measure to strengthen the Company's financial flexibility and manage through the COVID-19 pandemic. In March 2021, the Company's Board reinstated the annual dividend at \$0.60 per share, beginning with the quarterly dividend paid in June 2021.



Under the authority and declaration of the Board, the Company paid the following dividends during 2021, 2020 and 2019:

	Ordinary Dividends (per share)	Total Paid (in millions)
<b>2021</b>		
First Quarter	\$ —	\$ —
Second Quarter	0.15	42
Third Quarter	0.15	39
Fourth Quarter	0.15	39
<b>2021 Total</b>	<u>\$ 0.45</u>	<u>\$ 120</u>
<b>2020</b>		
First Quarter	\$ 0.30	\$ 83
Second Quarter	—	—
Third Quarter	—	—
Fourth Quarter	—	—
<b>2020 Total</b>	<u>\$ 0.30</u>	<u>\$ 83</u>
<b>2019</b>		
First Quarter	\$ 0.30	\$ 83
Second Quarter	0.30	83
Third Quarter	0.30	83
Fourth Quarter	0.30	83
<b>2019 Total</b>	<u>\$ 1.20</u>	<u>\$ 332</u>

In February 2022, the Company's Board increased the annual dividend to \$0.80 per share and declared the quarterly dividend of \$0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

## 19. Share-based Compensation

### Plan Summary

In 2020, the Company's stockholders approved the 2020 Stock Option and Performance Incentive Plan ("2020 Plan"). The 2020 Plan replaced the 2015 Stock Option and Performance Incentive Plan (together with the 2020 Plan, the "Plans"). The Plans provide for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, restricted stock, performance share units and unrestricted shares. The Company grants stock options at a price equal to the fair market value of the stock on the date of grant. Stock options have a maximum term of 10 years. Stock options and restricted stock units generally vest over three-to-five-years. Performance share units generally cliff vest at the end of a three-year performance period based upon the Company's achievement of pre-established goals over the performance period.

Under the Plans, 206 million options, restricted and unrestricted shares have been authorized to be granted to associates and directors. There were 13 million shares of common stock available for future issuance under the Plans as of January 29, 2022. In connection with the Separation, the maximum number of shares available for future issuance under the 2020 Plan and underlying outstanding awards under the Plans was equitably adjusted to prevent the dilution or enlargement of rights according to the terms of the Plans.

### Income Statement Impact

The following table provides share-based compensation expense included in the Consolidated Statements of Income (Loss) for 2021, 2020 and 2019:

	2021	2020	2019
	(in millions)		
Costs of Goods Sold, Buying and Occupancy	\$ 10	\$ 9	\$ 14
General, Administrative and Store Operating Expenses	21	16	35
<b>Total Share-based Compensation Expense</b>	<u>\$ 31</u>	<u>\$ 25</u>	<u>\$ 49</u>

The tax benefit associated with recognized share-based compensation expense was \$10 million for 2021. The Company recognized incremental tax expense associated with share-based compensation of \$8 million for 2020 and 2019.

As of January 29, 2022, there was \$37 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted stock and performance share units. This cost is expected to be recognized over a weighted-average period of 1.7 years.

As of January 29, 2022, there was \$3 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 2.1 years.

#### *Victoria's Secret & Co. Spin-Off*

In connection with Separation, the Company adjusted its outstanding share-based awards in accordance with the terms of the Employee Matters Agreement entered into at the time of the Separation. Adjustments to the underlying shares and terms of outstanding restricted stock units, performance share units and stock options were made to preserve the intrinsic value of the awards immediately before and after the Separation. The adjustment of the underlying shares and exercise prices, as applicable, was determined using a ratio based on the relative values of the Company's pre-Distribution stock price and the Company's post-Distribution stock price. Following the Separation, the adjusted outstanding awards continue to vest over their original vesting schedules. The Company did not recognize any incremental compensation cost related to the adjustment of outstanding awards. The disclosures reported below within this Note 19 have not been segregated between continuing and discontinued operations.

#### *Restricted Stock Units and Performance Share Units*

The following table provides the Company's restricted stock unit and performance share unit activity on a combined basis for the fiscal year ended January 29, 2022:

	Number of Shares  (in thousands)	Weighted Average Grant Date Fair Value (a)
<b>Unvested as of January 30, 2021</b>	6,647	\$ 25.68
Converted to Victoria's Secret & Co. Shares	(2,537)	35.19
Spin-Off Related Adjustment	807	—
Granted	1,537	52.91
Vested	(2,185)	37.21
Cancelled	(170)	33.46
<b>Unvested as of January 29, 2022</b>	<b>4,099</b>	<b>\$ 22.92</b>

- (a) The weighted average grant date fair value for activity subsequent to the Separation, including the unvested balance as of January 29, 2022, reflects the adjustment to preserve the intrinsic value of the awards immediately before and after the Separation.

The fair value of restricted stock unit and performance share unit awards is generally based on the market value of the Company's common stock on the grant date adjusted for anticipated dividend yields. The weighted-average estimated fair value of awards granted was \$52.91 per share for 2021, \$17.05 per share for 2020 and \$23.34 per share for 2019.

The Company's total intrinsic value of awards that vested was \$137 million for 2021, \$33 million for 2020 and \$39 million for 2019. The Company's total fair value at grant date of awards that vested was \$75 million for 2021, \$89 million for 2020 and \$104 million for 2019.

Tax benefits realized from tax deductions associated with awards that vested were \$36 million for 2021, \$8 million for 2020 and \$10 million for 2019.

#### *Stock Options*

The fair value of stock options granted is determined using the Black-Scholes option-pricing model. The determination of the fair value of options is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards and projected employee stock option exercise behaviors.

The following table provides the Company's stock option activity for the fiscal year ended January 29, 2022:

	Number of Shares (in thousands)
<b>Outstanding as of January 30, 2021</b>	4,163
Converted to Victoria's Secret & Co. Shares	(1,042)
Spin-Off Related Adjustment	288
Granted	228
Exercised	(1,900)
Cancelled	(624)
<b>Outstanding as of January 29, 2022</b>	<u>1,113</u>
<b>Options Exercisable as of January 29, 2022</b>	<u>859</u>

Intrinsic value for stock options is the difference between the current market value of the Company's common stock and the option strike price. The total intrinsic value of options exercised was \$39 million for 2021. Tax benefits realized from tax deductions associated with stock options exercised was \$8 million for 2021. As of January 29, 2022, there were 1.1 million shares of common stock subject to outstanding stock options, the majority of which were fully vested, with a total intrinsic value of \$15 million.

## 20. Quarterly Financial Data (Unaudited)

The following table provides summarized quarterly financial data for 2021:

	Fiscal Quarter Ended			
	May 1, 2021 (a)	July 31, 2021	October 30, 2021 (b)	January 29, 2022 (c)
	(in millions except per share data)			
Net Sales	\$ 1,470	\$ 1,704	\$ 1,681	\$ 3,027
Gross Profit	742	828	839	1,446
Operating Income	337	384	409	879
Income from Continuing Operations Before Income Taxes	119	287	227	790
Net Income from Continuing Operations	91	215	177	592
Income (Loss) from Discontinued Operations, Net of Tax	186	159	(89)	2
Net Income	<u>\$ 277</u>	<u>\$ 374</u>	<u>\$ 88</u>	<u>\$ 594</u>
Net Income (Loss) per Basic Share (d)				
Continuing Operations	\$ 0.32	\$ 0.78	\$ 0.67	\$ 2.31
Discontinued Operations	0.67	0.58	(0.34)	0.01
Total Net Income per Basic Share	<u>\$ 0.99</u>	<u>\$ 1.36</u>	<u>\$ 0.33</u>	<u>\$ 2.31</u>
Net Income (Loss) per Diluted Share (d)				
Continuing Operations	\$ 0.32	\$ 0.77	\$ 0.66	\$ 2.27
Discontinued Operations	0.66	0.57	(0.33)	0.01
Total Net Income per Diluted Share	<u>\$ 0.97</u>	<u>\$ 1.34</u>	<u>\$ 0.33</u>	<u>\$ 2.28</u>

- (a) Net Income from Continuing Operations includes the effect of a \$105 million pre-tax loss (\$80 million after-tax) associated with the early extinguishment of outstanding notes.
- (b) Net Income from Continuing Operations includes the effect of an \$89 million pre-tax loss (\$68 million after-tax) associated with the early extinguishment of outstanding notes.
- (c) Operating Income includes the effect of pre-tax loss related to the write-off of inventory that was destroyed by a tornado at a vendor's factory of \$9 million (\$7 million after-tax).
- (d) Due to changes in stock prices during the year and timing of issuances of shares, the cumulative total of quarterly net income (loss) per share amounts may not equal the net income (loss) per share for the year.

The following table provides summarized quarterly financial data for 2020:

	Fiscal Quarter Ended			
	May 2, 2020 (a)	August 1, 2020 (b)	October 31, 2020 (c)	January 30, 2021
	(in millions except per share data)			
Net Sales	\$ 760	\$ 1,253	\$ 1,702	\$ 2,719
Gross Profit	268	559	863	1,407
Operating Income	36	263	436	870
Income (Loss) from Continuing Operations Before Income Taxes	(54)	160	265	751
Net Income (Loss) from Continuing Operations	—	112	196	557
Net Income (Loss) from Discontinued Operations, Net of Tax	(297)	(161)	135	302
Net Income (Loss)	<u>\$ (297)</u>	<u>\$ (49)</u>	<u>\$ 331</u>	<u>\$ 859</u>
Net Income (Loss) per Basic Share (d)				
Continuing Operations	\$ —	\$ 0.40	\$ 0.70	\$ 2.00
Discontinued Operations	(1.07)	(0.58)	0.48	1.09
Total Net Income (Loss) per Basic Share	<u>\$ (1.07)</u>	<u>\$ (0.18)</u>	<u>\$ 1.19</u>	<u>\$ 3.08</u>
Net Income (Loss) per Diluted Share (d)(e)				
Continuing Operations	\$ —	\$ 0.40	\$ 0.69	\$ 1.96
Discontinued Operations	(1.07)	(0.58)	0.48	1.07
Total Net Income (Loss) per Diluted Share	<u>\$ (1.07)</u>	<u>\$ (0.18)</u>	<u>\$ 1.17</u>	<u>\$ 3.03</u>

- (a) Net Income (Loss) from Continuing Operations includes the effect of a \$50 million income tax benefit related to the resolution of certain tax matters.
- (b) Operating Income includes the effect of pre-tax severance and related charges of \$30 million (\$24 million after-tax).
- (c) Net Income from Continuing Operations includes the effect of a \$53 million pre-tax loss (\$40 million after-tax) associated with the early extinguishment of outstanding notes.
- (d) Due to changes in stock prices during the year and timing of issuances of shares, the cumulative total of quarterly net income (loss) per share amounts may not equal the net income (loss) per share for the year.
- (e) The cumulative total of quarterly net income (loss) per diluted share amounts does not equal the net income (loss) per diluted share for the year due to the net loss from continuing operations in the first quarter.

## **21. Subsequent Events**

### *New Share Repurchase Program and Accelerated Share Repurchase Program*

On February 2, 2022, the Company announced that its Board authorized a new \$1.5 billion share repurchase program. Also on February 2, 2022, as part of the February 2022 Program, the Company entered into an ASR under which the Company will repurchase \$1 billion of its own outstanding common stock. On February 4, 2022, the Company delivered \$1 billion to the ASR bank, and the bank delivered approximately 14 million shares of common stock to the Company (the "Initial Shares"). Pursuant to the terms of the ASR, the Initial Shares represented 80% of the number of shares determined by dividing the \$1 billion Company payment by the closing price of its common stock on February 2, 2022. The aggregate number of shares of common stock to be delivered under the ASR will be based generally upon a discount to the Rule 10b-18 volume-weighted average price at which the shares of common stock trade during the regular trading sessions on the NYSE during the term of repurchase period.

At final settlement, the ASR bank may be obligated to deliver additional shares of common stock to the Company or the Company may be obligated to make delivery of shares of common stock or a cash payment to the ASR bank, at the Company's option. The Company expects final settlement of the share repurchases under the ASR to occur during the second quarter of 2022.

### *Additional Share Repurchases*

Subsequent to January 29, 2022, the Company repurchased an additional 1.9 million shares of its common stock for \$92 million under the February 2022 Program.

### *Annual Dividend*

In February 2022, the Company's Board increased the annual dividend to \$0.80 per share and declared the quarterly dividend of \$0.20 per share, paid on March 4, 2022, to stockholders of record as of February 18, 2022.

### *CEO Transition*

On February 23, 2022, the Company announced that Andrew M. Meslow will step down as CEO and as a member of the Board due to health reasons, effective May 12, 2022. Sarah E. Nash, Chair of the Board, was appointed Executive Chair on February 22, 2022, and will assume the role of Interim CEO upon Mr. Meslow's departure. The Board is in the process of retaining a national search firm to assist in identifying a permanent CEO.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

**ITEM 9A. CONTROLS AND PROCEDURES.**

*Evaluation of disclosure controls and procedures.* As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

*Management's Report on Internal Control Over Financial Reporting.* Management's Report on Internal Control Over Financial Reporting as of January 29, 2022 is set forth in Item 8. Financial Statements and Supplementary Data.

*Attestation Report of the Registered Public Accounting Firm.* The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting as of January 29, 2022 is set forth in Item 8. Financial Statements and Supplementary Data.

*Changes in internal control over financial reporting.* There were no changes in our internal control over financial reporting that occurred in the fourth quarter 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION.**

None.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

None.

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our directors and corporate governance is set forth under the captions “ELECTION OF DIRECTORS—Director Succession”, “—Corporate Governance Highlights” “—Director Experience, Qualifications, Attributes and Skills”, “—Nominees”, “—Leadership Updates,” “—Director Independence”, “—Board Leadership Structure; Risk Oversight; Certain Compensation Matters ”, “—Oversight of Cybersecurity Risk”, “—Review of Strategic Plans and Capital Structure”, “—Oversight of Environmental and Social Matters”, “—Human Capital Management”, “—Succession Planning”, “—Information Concerning Board Meeting Attendance”, “—Committees of the Board”, “—Meetings of the Company's Non-Management Directors”, “—Communications with Stockholders”, “—Attendance at Annual Meetings”, “—Code of Conduct, Related Person Transaction Policy and Associated Matters”, “—Copies of the Company’s Code of Conduct, Corporate Governance Principles, Policy and Committee Charters”, and “SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT” in the Proxy Statement and is incorporated herein by reference. Information regarding compliance with Section 16(A) of the Securities Exchange Act of 1934, as amended, is set forth under the caption “DELINQUENT SECTION 16(A) REPORTS” in the Proxy Statement and is incorporated herein by reference. Information regarding executive officers is set forth herein under the caption “Executive Officers of Registrant” in Part I.

The Company has a written Code of Conduct that applies to the Company's Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial and Accounting Officer) and others. The Code of Conduct is available on the Company's website at [www.bbwin.com](http://www.bbwin.com) (accessible by clicking on the "Investors" link on the main page followed by the "Corporate Governance" and "Governance Materials" link), and a printed copy will be delivered free of charge on request by writing to the Secretary of the Company at Three Limited Parkway, Columbus, OH 43230, c/o Chief Legal Officer and Secretary. Any amendments to, or waivers from, a provision of the Company's Code of Conduct that applies to the Company's Principal Executive Officer and Principal Financial and Accounting Officer and that relates to any element of the code of ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on the Company's website at [www.bbwin.com](http://www.bbwin.com).

### ITEM 11. EXECUTIVE COMPENSATION.

Information regarding executive compensation is set forth under the caption “COMPENSATION-RELATED MATTERS” in the Proxy Statement and is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information regarding the security ownership of certain beneficial owners and management is set forth under the captions “SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT” in the Proxy Statement and “SHARE OWNERSHIP OF PRINCIPAL STOCKHOLDERS” in the Proxy Statement and is incorporated herein by reference.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

Information regarding certain relationships and related transactions is set forth under the caption “ELECTION OF DIRECTORS—Nominees” and “—Director Independence” in the Proxy Statement and is incorporated herein by reference.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information regarding principal accountant fees and services is set forth under the captions “INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS —Audit Fees”, “—Audit-Related Fees”, “—Tax Fees”, “—All Other Fees” and “—Pre-approval Policies and Procedures” in the Proxy Statement and is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Consolidated Financial Statements

The following consolidated financial statements of Bath & Body Works, Inc. are filed as part of this report under Item 8. Financial Statements and Supplementary Data:

Management's Report on Internal Control Over Financial Reporting  
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting  
Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements  
Consolidated Statements of Income (Loss) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020  
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020  
Consolidated Balance Sheets as of January 29, 2022 and January 30, 2021  
Consolidated Statements of Total Equity (Deficit) for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020  
Consolidated Statements of Cash Flows for the Years Ended January 29, 2022, January 30, 2021 and February 1, 2020  
Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

Schedules have been omitted because they are not required or are not applicable or because the information required to be set forth therein either is not material or is included in the financial statements or notes thereto.

(3) List of Exhibits

3. Articles of Incorporation and Bylaws.
- 3.1 [Amended and Restated Certificate of Incorporation of the Company \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated May 20, 2020\), as amended by the Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Company \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 3, 2021\).](#)
- 3.2 [Amended and Restated Bylaws of the Company \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated January 28, 2022\).](#)
4. Instruments Defining the Rights of Security Holders.
- 4.1 [Conformed copy of the Indenture dated as of March 15, 1988 between the Company and The Bank of New York, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 \(File No. 333-105484\) filed on May 22, 2003.](#)
- 4.2 Proposed form of Debt Warrant Agreement for Warrants attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-3 (File No. 33-53366) originally filed with the Securities and Exchange Commission (the "SEC") on October 16, 1992, as amended by Amendment No. 1 thereto, filed with the SEC on February 23, 1993 (the "1993 Form S-3"). (P)
- 4.3 Proposed form of Debt Warrant Agreement for Warrants not attached to Debt Securities, with proposed form of Debt Warrant Certificate incorporated by reference to Exhibit 4.3 to the 1993 Form S-3. (P)
- 4.4 [Indenture dated as of February 19, 2003 between the Company and The Bank of New York, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-4 \(File No. 333-104633\) filed on April 18, 2003.](#)
- 4.5 [First Supplemental Indenture dated as of May 31, 2005 among the Company, The Bank of New York and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4.1.2 to the Company's Registration Statement on Form S-3 \(Reg. No. 333-125561\) filed on June 6, 2005.](#)



- 4.6 [Second Supplemental Indenture dated as of July 17, 2007 between the Company and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4.1.3 to the Company's Registration Statement on Form S-3 \(Reg. No. 333-146420\) filed on October 1, 2007.](#)
- 4.7 [Form of Fifth Supplemental Indenture dated as of March 25, 2011 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.6 to the post-effective amendment to the Company's Registration Statement on Form S-3 \(Reg. No. 333-170406\) filed on March 22, 2011.](#)
- 4.8 [Sixth Supplemental Indenture dated as of February 7, 2012 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2012.](#)
- 4.9 [Seventh Supplemental Indenture dated as of March 22, 2013 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-3 \(Reg. No. 333-191968\) filed on October 29, 2013.](#)
- 4.10 [Eighth Supplemental Indenture dated as of October 16, 2013 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1.9 to the Company's Registration Statement on Form S-3 \(Reg. No. 333-191968\) filed on October 29, 2013.](#)
- 4.11 [Ninth Supplemental Indenture dated as of January 30, 2015 among the Company, the guarantors named therein, and The Bank of New York Mellon Trust Company, as Trustee, incorporated by reference to Exhibit 4.16 to the Company's Registration Statement on Form S-4 \(Reg. No. 333-209114\) filed on January 25, 2016.](#)
- 4.12 [Indenture dated as of October 30, 2015 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated November 3, 2015.](#)
- 4.13 [Indenture, dated as of June 16, 2016, between the Company and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 16, 2016.](#)
- 4.14 [First Supplemental Indenture dated as of June 16, 2016 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 16, 2016.](#)
- 4.15 [Second Supplemental Indenture dated as of January 23, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated January 23, 2018.](#)
- 4.16 [Indenture dated as of June 18, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.25 to the Company's Form S-4 \(Reg. No. 333-227288\) filed on September 11, 2018.](#)
- 4.17 [Supplemental Indenture No. 1 dated as of June 29, 2018 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.26 to the Company's Form S-4 \(Reg. No. 333-227288\) filed on September 11, 2018.](#)
- 4.18 [Third Supplemental Indenture dated June 20, 2019 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 24, 2019.](#)
- 4.19 [Fourth Supplemental Indenture dated as of June 30, 2019 by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 3, 2019.](#)
- 4.20 [Tenth Supplemental Indenture dated as of June 30, 2019 by and among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 3, 2019.](#)
- 4.21 [Indenture dated as of June 18, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee and collateral agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated June 18, 2020.](#)
- 4.22 [Indenture dated as of June 18, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated June 18, 2020.](#)

- 4.23 [Indenture dated September 30, 2020 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated September 30, 2020.](#)
- 4.24 [Eleventh Supplemental Indenture dated October 16, 2020 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated October 19, 2020.](#)
- 4.25 [Description of the Registrant's Securities.](#)
- 4.26 [Twelfth Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.](#)
- 4.27 [First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.](#)
- 4.28 [First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.](#)
- 4.29 [Fifth Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.30 [Second Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.31 [First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.32 [First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.33 [First Supplemental Indenture dated August 2, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.34 [Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.35 [Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.36 [Second Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee.](#)
- 4.37 [Thirteenth Supplemental Indenture dated November 17, 2021 among the Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.](#)
- 10. Material Contracts.
- 10.1 [Form of Indemnification Agreement between the Company and the directors and executive officers of the Company incorporated by reference to Exhibit 10.4 to the 1998 Form 10-K.\\*\\*](#)
- 10.2 [Employment Agreement effective as of April 9, 2007 between the Company and Stuart Burgdoerfer incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated April 11, 2007.\\*\\*](#)
- 10.3 [Employment Agreement Amendment effective September 5, 2008 between the Company and Stuart Burgdoerfer incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 2, 2008.\\*\\*](#)
- 10.4 [2011 Stock Option and Performance Incentive Plan incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2012.\\*\\*](#)
- 10.5 [Form of Sixth Amended and Restated Master Aircraft Time Sharing Agreement incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.\\*\\*](#)
- 10.6 [2015 Stock Option and Performance Incentive Plan, incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 \(Reg. No. 333-206787\) dated September 4, 2015.\\*\\*](#)
- 10.7 [2015 Stock Option and Performance Incentive Plan Terms and Conditions of Restricted Share Unit Grant, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 1, 2015.\\*\\*](#)

- 10.8 [2015 Stock Option and Performance Incentive Plan Terms and Conditions of Stock Option Grant, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 1, 2015.\\*\\*](#)
- 10.9 [2015 Cash Incentive Compensation Performance Plan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated May 26, 2015.\\*\\*](#)
- 10.10 [2020 Stock Option and Performance Incentive Plan incorporated by reference to Appendix C to the Company's Proxy Statement dated April 2, 2020.\\*\\*](#)
- 10.11 [2020 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.\\*\\*](#)
- 10.12 [2020 Stock Option and Performance Incentive Plan Performance Share Unit Award Agreement, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.\\*\\*](#)
- 10.13 [2020 Stock Option and Performance Incentive Plan Stock Option Award Agreement, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 2021.\\*\\*](#)
- 10.14 [Employment Agreement between the Company and Andrew Meslow, dated May 15, 2020, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2020.\\*\\*](#)
- 10.15 [Employment Agreement Amendment and Retention Bonus Agreement between the Company and Stuart Burgdoerfer, dated May 18, 2020, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2020.\\*\\*](#)
- 10.16 [Executive Separation Agreement between L Brands, Inc. and Charles McGuigan, dated May 18, 2020, incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q dated June 3, 2020.\\*\\*](#)
- 10.17 [Retention Bonus Agreement and Executive Separation Agreement between L Brands, Inc. and Shelley Milano, dated May 29, 2020, incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q dated June 3, 2020.\\*\\*](#)
- 10.18 [Executive Employment Agreement between Bath & Body Works, LLC and Julie Rosen, dated February 3, 2021, incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended January 30, 2021.\\*\\*](#)
- 10.19 [Executive Employment Agreement between Bath and Body Works, LLC and Deon Riley, dated February 4, 2021, incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended January 30, 2021.\\*\\*](#)
- 10.20 [Separation and Distribution Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.21 [L Brands to VS Transition Services Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.22 [VS to L Brands Transition Services Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.23 [Tax Matters Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.24 [Employee Matters Agreement between the Company and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.25 [Domestic Transportation Services Agreement between Mast Logistics Services, LLC and Victoria's Secret & Co., dated August 2, 2021, incorporated by reference to Exhibit 10.5 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.26 [Amended and Restated Revolving Credit Agreement by and among the Company, the borrowing subsidiaries party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., dated August 2, 2021, incorporated by reference to Exhibit 10.6 to the Company's Form 8-K dated August 3, 2021.](#)
- 10.27 [Executive Letter Agreement between Bath & Body Works, Inc. and Wendy C. Arlin, dated August 2, 2021, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021.\\*\\*](#)

10.28	<a href="#">Executive Retirement Agreement between L Brands, Inc. and Stuart B. Burgdoerfer, dated August 2, 2021, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021.**</a>
10.29	<a href="#">Master Confirmation by and between Bath &amp; Body Works, Inc. and JPMorgan Chase Bank, National Association, dated February 2, 2022, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated February 4, 2022.</a>
10.30	<a href="#">2020 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement (Form of Director Award Agreement).**</a>
10.31	<a href="#">Summary of James L. Bersani Severance Terms.**</a>
21.	<a href="#">Subsidiaries of the Registrant.</a>
22.	<a href="#">List of Guarantor Subsidiaries</a>
23.1	<a href="#">Consent of Ernst &amp; Young LLP.</a>
24.	<a href="#">Powers of Attorney.</a>
31.1	<a href="#">Section 302 Certification of CEO.</a>
31.2	<a href="#">Section 302 Certification of CFO.</a>
32.	<a href="#">Section 906 Certification (by CEO and CFO).</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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\*\* Identifies management contracts or compensatory plans or arrangements.

(P) Paper Exhibits

(b) Exhibits.

The exhibits to this report are listed in section (a)(3) of Item 15 above.

(c) Not applicable.

**ITEM 16. FORM 10-K SUMMARY.**

None.



**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES  
EXCHANGE ACT OF 1934**

*The following is a summary of the material terms of our securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following description of the terms of our common stock is not meant to be complete and is qualified by reference to our restated certificate of incorporation ("certificate of incorporation") and our amended and restated bylaws ("bylaws"), each of which is incorporated by reference as an exhibit to our Annual Report on Form 10-K, of which this exhibit is a part. We encourage you to read our certificate of incorporation, our bylaws and the applicable provisions of the Delaware General Corporation Law for additional information.*

**Description of OUR COMMON Stock**

**Authorized Capital Stock**

Under our certificate of incorporation, our authorized capital stock consists of one billion shares of common stock with \$0.50 par value and 10 million shares of preferred stock with \$1.00 par value.

**Common Stock**

The outstanding shares of common stock are, and any shares of common stock issued will be, duly authorized, validly issued, fully paid and nonassessable. There are no restrictions on the alienability of shares of our common stock, and there are no sinking fund provisions for the redemption or purchase of shares of our common stock. The rights of holders of shares of our common stock will be subject to, and may be adversely affected by, the rights of holders of any shares of preferred stock that our Board of Directors may authorize and issue in the future, and may be modified by amendments to our certificate of incorporation and Delaware corporate law.

Our common stock is listed on the New York Stock Exchange under the symbol "BBWI."

***Voting Rights***

Each holder of common stock is entitled to one vote for each share of common stock held of record on the applicable record date on all matters submitted to a vote of stockholders. Holders of common stock do not have cumulative voting rights.

***Dividend Rights***

Subject to the rights of holders of any shares of preferred stock which may at the time be outstanding, holders of common stock are entitled to receive dividends as may be declared from time to time by our Board of Directors out of funds legally available therefor.

***Rights upon Liquidation or Dissolution***

In the event of liquidation or dissolution, each share of common stock is entitled to share pro rata in any distribution of our assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding preferred stock. Holders of our common stock have no preferential, preemptive, conversion or redemption rights.

**Preferred Stock**

Under our certificate of incorporation, without further stockholder action, our Board of Directors is authorized to provide for the issuance of up to ten million shares of preferred stock without any further approval from our stockholders. Preferred stock may be issued in one or more series, with such designations of titles, number of shares to comprise each series, dividend rates, any redemption provisions, special or relative rights in the event of liquidation, dissolution or winding-up of Bath & Body Works, Inc., any sinking fund provisions, any conversion provisions, any voting rights and any other preferences, rights and limitations as shall be set forth as and when established by our Board of Directors.

Acting under this authority, our Board of Directors could create and issue a series of preferred stock with rights, preferences and limitations, and adopt a stockholder rights plan having the effect of, discriminating against an existing or

prospective holder of securities as a result of such stockholder beneficially owning or commencing a tender offer for a substantial amount of our common stock. One of the effects of authorized but unissued and unreserved shares of preferred stock may be to render more difficult or discourage an attempt by a potential acquirer to obtain control of Bath & Body Works, Inc. by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management. The issuance of such shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of Bath & Body Works, Inc. without any further action by our stockholders. We have no present intention to adopt a stockholder rights plan, but could do so without stockholder approval at any future time.

The shares of any series of serial preferred stock will be, when issued, fully paid and nonassessable and the holders will have no preemptive rights in connection with the preferred stock.

## **Certain Provisions of our Certificate of Incorporation and Bylaws**

### ***Board Nominations***

Our bylaws provide that the number of directors will be fixed from time to time pursuant to a resolution adopted by a majority of the Board of Directors but must consist of not less than six or more than fifteen directors.

Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Any such nomination of a person for election at our annual meeting, if not made by the Board of Directors, must be made by notice in writing to our Secretary and must contain the information required by our bylaws. Such notice must be delivered or mailed and received at our principal executive offices, not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided that in the event that the date of the annual meeting is advanced more than 30 days prior to such anniversary date or delayed more than 60 days after such anniversary date then such notice must be received no later than the later of 70 days prior to the meeting or the 10th day following the day on which public announcement of the date of the meeting was made. Pursuant to our proxy access bylaw, up to 20 stockholders owning 3% or more of the outstanding shares of our common stock continuously for at least three years may nominate the greater of two directors or up to 20% of our Board of Directors (rounded down to the nearest whole number), and include those nominees in our proxy materials. Notice of stockholder nominations for persons for election as a director that are to be included in our proxy statement must be delivered or mailed and received at our principal executive offices, not less than 120 days nor more than 150 days prior to the first anniversary of the date that we first distributed our proxy statement to stockholders for the immediately preceding annual meeting of stockholders.

The holders of preferred stock may be granted the right to elect a specific number of directors without any vote of the holders of shares of our common stock.

### ***Amendments to our Bylaws***

Our certificate of incorporation grants our Board of Directors the authority to amend our bylaws without a stockholder vote.

## **Certain Anti-Takeover Effects**

### ***Certain Business Combinations and Transactions***

Our certificate of incorporation provides that certain business combinations with any entity that beneficially owns 20% or more of the outstanding shares of our common stock and any outstanding shares of preferred stock entitled to vote on each matter on which the holders of record of our common stock shall be entitled to vote (the "Voting Shares") (such entity, an "Interested Person") will require for its approval the affirmative vote of at least a majority of the Voting Shares held by stockholders other than the Interested Person.

This provision does not apply if two-thirds of the Continuing Directors (as defined below) approved either the business combination or the acquisition of the Voting Shares which caused the Interested Person to own 20% or more of the Voting Shares. This provision also does not apply to any business combination where two-thirds of the Continuing Directors determine the consideration per share to be received by holders of the Voting Shares in connection with the business combination to be not less than the highest price per share paid by the Interested Person in acquiring the Voting Shares.

The term "Continuing Director" means a director who was a member of our Board of Directors immediately prior to the time that such Interested Person became an Interested Person, or a director who was elected or appointed to fill a vacancy after the date that such Interested Person became an Interested Person by a majority of the then-current Continuing Directors.

***Delaware Business Combination Statute***

Section 203 of the Delaware General Corporation Law is applicable to us and restricts certain transactions and “business combinations” between a corporation and a 15% stockholder for a period of three years after the date of the transaction in which the stockholder acquires 15% or more of the company’s outstanding voting stock unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

***Registrar and Transfer Agent***

A register of holders of our shares of common stock is maintained by American Stock Transfer, who serves as registrar and transfer agent.



**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**

**THE GUARANTORS PARTY HERETO, as Guarantors**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

**as Trustee**

**TWELFTH SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of March 15, 1988**

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TWELFTH SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Guarantors (as hereinafter defined) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as successor trustee hereunder (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee entered into an indenture, dated March 15, 1988 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated May 31, 2005 (the “**First Supplemental Indenture**”), as further amended by the second supplemental indenture, dated July 17, 2007 (the “**Second Supplemental Indenture**”), as further amended by the third supplemental indenture, dated May 4, 2010 (the “**Third Supplemental Indenture**”), as further amended by the fourth supplemental indenture, dated January 29, 2011 (the “**Fourth Supplemental Indenture**”), as further amended by the fifth supplemental indenture, dated March 25, 2011 (the “**Fifth Supplemental Indenture**”), as further amended by the sixth supplemental indenture, dated February 7, 2012 (the “**Sixth Supplemental Indenture**”), as further amended by the seventh supplemental indenture dated March 22, 2013 (the “**Seventh Supplemental Indenture**”), as further amended by the eighth supplemental indenture, dated October 16, 2013 (the “**Eighth Supplemental Indenture**”), as further amended by the ninth supplemental indenture dated January 30, 2015 (the “**Ninth Supplemental Indenture**”), as further amended by the tenth supplemental indenture dated June 30, 2019 (the “**Tenth Supplemental Indenture**”), and as further amended by the eleventh supplemental indenture dated October 16, 2020 (the “**Eleventh Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture, Ninth Supplemental Indenture, Tenth Supplemental Indenture and Eleventh Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in L Brands Direct Fulfillment, LLC (f/k/a Limited Brands Direct Fulfillment, Inc.), MII Brand Import, LLC, Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC (f/k/a Victoria’s Secret Stores Brand Management, Inc.) and Victoria’s Secret Stores, LLC (collectively, the “**VS Guarantors**”) to

Victoria's Secret & Co. on August 2, 2021 (the "**Distribution Date**"), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 6.4 of the Eighth Supplemental Indenture provides that in the event of a sale or other transfer of Equity Interests in a Guarantor or dissolution of a Guarantor in compliance with the terms of the Original Indenture following which such Guarantor ceases to be a Subsidiary, then such Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee with respect to the 5.625% Senior Notes due 2023 (the "**5.625% Notes**") and that the Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the 5.625% Notes and under Article Six of the Eighth Supplemental Indenture;

WHEREAS, Section 1301 of the Original Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, Section 1301 of the Original Indenture was amended by Section 8.1 of the Eighth Supplemental Indenture solely with respect to the 5.625% Notes to permit a supplemental indenture to release a Guarantor with respect to the 5.625% Notes as provided in Article Six of the Eighth Supplemental Indenture;

WHEREAS, the Company and the Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of the VS Guarantors automatically and unconditionally from all of its obligations under its Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Twelfth Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS TWELFTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Twelfth Supplemental Indenture are hereinafter sometimes collectively referred to as the "Indenture." For the avoidance of doubt, references to

any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Twelfth Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Twelfth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01 *Amendments.*

The Original Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Original Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture are further amended by replacing the Guarantors with the Guarantors executing this Twelfth Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01 *Effect of Twelfth Supplemental Indenture.*

(1) This Twelfth Supplemental Indenture is a supplemental indenture within the meaning of Section 1301 of the Original Indenture, and the Original Indenture shall be read together with this Twelfth Supplemental Indenture and shall have the same effect over all of the

Debt Securities, in the same manner as if the provisions of the Original Indenture and this Twelfth Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Twelfth Supplemental Indenture.

*Section 3.02 Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

*Section 3.03 Successors and Assigns.*

All covenants and agreements in this Twelfth Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

*Section 3.04 Severability Clause.*

In case any provision in this Twelfth Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

*Section 3.05 Benefits of Twelfth Supplemental Indenture.*

Nothing in this Twelfth Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Twelfth Supplemental Indenture.

*Section 3.06 Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Twelfth Supplemental Indenture, the provisions of this Twelfth Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

*Section 3.07 Governing Law.*

THIS TWELFTH SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08 *Trustee*.

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Twelfth Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Twelfth Supplemental Indenture to be duly executed on the date  
BATH & BODY WORKS, INC. (f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President  
and Treasurer

and year first written above.

GUARANTORS: BATH & BODY WORKS BRAND  
MANAGEMENT, INC. BATH & BODY WORKS  
DIRECT, INC.  
BATH & BODY WORKS, LLC BEAUTYAVENUES, LLC  
DIRECT FACTORING, LLC  
DISTRIBUTION LAND COMPANY, LLC  
BEAUTY SPECIALTY HOLDINGS, LLC (f/k/a  
INTIMATE BRANDS, INC. and INTIMATE BRANDS  
HOLDING, LLC) L BRANDS SERVICE COMPANY, LLC

/s/ Timothy J. Faber

By: \_\_\_\_\_  
Name: Timothy J. Faber  
Title: Senior Vice President  
and Treasurer

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: /s/ Shannon Matthews  
Name: Shannon Matthews  
Title: Vice President



**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**  
**and**  
**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
**as Trustee**

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of February 19, 2003**

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as successor trustee hereunder (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee entered into an indenture, dated February 19, 2003 (the “**Base Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Section 13.01 of the Base Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company desires to supplement the Indenture to reflect the Name Change;

WHEREAS, all things necessary to make this First Supplemental Indenture a valid, binding and enforceable agreement of the Company and the Trustee and a valid supplement to the Base Indenture have been done; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

### ARTICLE 1

#### Definitions And Other Provisions Of General Application

##### Section 1.01. *Definitions.*

The Base Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the “**Indenture**.” For the avoidance of doubt, references to any “**Section**” of the “**Indenture**” refer to such Section of the Base Indenture as supplemented and amended by this First Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Base Indenture and are used herein with the same meanings as in the Base Indenture.

For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Base Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Base Indenture to the “Company” shall mean Bath & Body Works, Inc.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of First Supplemental Indenture.*

(1) This First Supplemental Indenture is a supplemental indenture within the meaning of Section 13.01 of the Base Indenture, and the Base Indenture shall be read together with this First Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Base Indenture and this First Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Base Indenture is confirmed by the parties hereto as supplemented by the terms of this First Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this First Supplemental Indenture by the Company and the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of First Supplemental Indenture.*

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Base Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Base Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber

Name: Timothy J. Faber

Title: Senior Vice President and  
Treasurer

THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.,  
as Trustee

By: /s/ Shannon Matthews

Name: Shannon Matthews

Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**

**THE GUARANTORS PARTY HERETO, as Guarantors**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

**as Trustee**

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of October 30, 2015**

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Guarantors (as hereinafter defined) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as successor trustee hereunder (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee entered into an indenture, dated October 30, 2015 (the “**Base Indenture**”), pursuant to which the Company issued its 6.875% Senior Notes due 2035;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. ceased to be a guarantor under the Senior Credit Facility;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in MII Brand Import, LLC (f/k/a Mast Industries, Inc.), L Brands Direct Fulfillment, LLC (f/k/a L Brands Direct Fulfillment, Inc.), Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC (f/k/a Victoria’s Secret Stores Brand Management, Inc.) and Victoria’s Secret Stores, LLC (collectively, the “**VS Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 10.04 of the Base Indenture provides that (i) in the event of a sale or other transfer of Equity Interests in a Guarantor or dissolution of a Guarantor in compliance with the terms of the Base Indenture following which such Guarantor ceases to be a Subsidiary or (ii) upon such Guarantor ceasing to be a borrower or guarantor under the Senior Credit Facility, then such Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee and that the Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Notes and under Article 10 of the Base Indenture;

WHEREAS, Section 9.01 of the Base Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Guarantors automatically and unconditionally from all of its obligations under its Guarantee pursuant to the Base Indenture;

WHEREAS, all things necessary to make this First Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Base Indenture have been done; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Base Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Base Indenture as supplemented and amended by this First Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Base Indenture and are used herein with the same meanings as in the Base Indenture.

For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Base Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Base Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Base Indenture is further amended by replacing the Guarantors with the Guarantors executing this First Supplemental Indenture.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of First Supplemental Indenture.*

(1) This First Supplemental Indenture is a supplemental indenture within the meaning of Section 9.01 of the Base Indenture, and the Base Indenture shall be read together with this First Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Base Indenture and this First Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Base Indenture is confirmed by the parties hereto as supplemented by the terms of this First Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this First Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of First Supplemental Indenture.*

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Base Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Base Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS, INC. and  
INTIMATE BRANDS HOLDING, LLC)  
L BRANDS SERVICE COMPANY, LLC  
LA SENZA, INC.

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: /s/ Shannon Matthews  
Name: Shannon Matthews  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**

**THE GUARANTORS PARTY HERETO, as Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**FIFTH SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of June 16, 2016**

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FIFTH SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 16, 2016 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated June 16, 2016 (the “**First Supplemental Indenture**”), as further amended by the second supplemental indenture, dated January 23, 2018 (the “**Second Supplemental Indenture**”), as further amended by the third supplemental indenture, dated June 20, 2019 (the “**Third Supplemental Indenture**”), as further amended by the fourth supplemental indenture, dated June 30, 2019 (the “**Fourth Supplemental Indenture**”) and the Base Indenture, as amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. (f/k/a Limited Store Planning, Inc.) ceased to be a guarantor under any Specified Indebtedness;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in MII Brand Import, LLC (f/k/a Mast Industries Inc.), Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC (f/k/a Victoria’s Secret Stores Brand Management, Inc.), L Brands Direct Fulfillment, LLC (f/k/a Limited Brands Direct Fulfillment, Inc.) and Victoria’s Secret Stores, LLC (collectively, the “**VS Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 6.4 of the Third Supplemental Indenture provides that (i) in the event of a sale or other transfer of Equity Interests in a Guarantor or dissolution of a Guarantor in compliance with the terms of the Third Supplemental Indenture following which such Guarantor ceases to be a Subsidiary or (ii) upon such Guarantor ceasing to be a borrower or guarantor under



any Specified Indebtedness, then such Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee and that the Trustee shall execute any document reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Notes and under Article Six of the Third Supplemental Indenture;

WHEREAS, Section 13.01 of the Original Indenture provides that a supplemental indenture may be entered into by the Company, the Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Guarantors automatically and unconditionally from all of its obligations under its Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Fifth Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Fifth Supplemental Indenture are hereinafter sometimes collectively referred to as the "Indenture." For the avoidance of doubt, references to any "Section" of the "Indenture" refer to such Section of the Original Indenture as supplemented and amended by this Fifth Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Fifth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01. *Amendments.*

The Original Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Original Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Original Indenture is further amended by replacing the Guarantors with the Guarantors executing this Fifth Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01. *Effect of Fifth Supplemental Indenture.*

(1) This Fifth Supplemental Indenture is a supplemental indenture within the meaning of Section 13.01 of the Original Indenture, and the Original Indenture shall be read together with this Fifth Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Fifth Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Fifth Supplemental Indenture.

### Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Fifth Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Fifth Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Fifth Supplemental Indenture.*

Nothing in this Fifth Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Fifth Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Fifth Supplemental Indenture, the provisions of this Fifth Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIFTH SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fifth Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS, INC. and  
INTIMATE BRANDS HOLDING, LLC)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**

**THE GUARANTORS PARTY HERETO, as Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**SECOND SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of June 18, 2018**

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SECOND SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 18, 2018 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated June 29, 2018 (the “**First Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. ceased to be a guarantor under the Senior Credit Facility;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in MII Brand Import, LLC (f/k/a Mast Industries Inc.), Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC (f/k/a Victoria’s Secret Stores Brand Management, Inc.), L Brands Direct Fulfillment, LLC (f/k/a L Brands Direct Fulfillment, Inc.) and Victoria’s Secret Stores, LLC (collectively, the “**VS Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 10.04 of the Original Indenture provides that (i) in the event of a sale or other transfer of Equity Interests in a Guarantor or dissolution of a Guarantor in compliance with the terms of the Original Indenture following which such Guarantor ceases to be a Subsidiary or (ii) upon such Guarantor ceasing to be a borrower or guarantor under the Senior Credit Facility, then such Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee and that the Trustee shall execute any document reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Notes and under Article 10 of the Original Indenture;

WHEREAS, Section 9.01 of the Original Indenture provides that a supplemental indenture may be entered into by the Company, the Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Guarantors automatically and unconditionally from all of its obligations under its Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Second Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Second Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;



(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Original Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Original Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Original Indenture is further amended by replacing the Guarantors with the Guarantors executing this Second Supplemental Indenture.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of Second Supplemental Indenture.*

(1) This Second Supplemental Indenture is a supplemental indenture within the meaning of Section 9.01 of the Original Indenture, and the Original Indenture shall be read together with this Second Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Second Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Second Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Second Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Second Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Second Supplemental Indenture.*

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Second Supplemental Indenture, the provisions of this Second Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS, INC. and  
INTIMATE BRANDS HOLDING, LLC)  
L BRANDS SERVICE COMPANY, LLC  
LA SENZA, INC.

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of June 18, 2020**

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 18, 2020 (the “**Base Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in L Brands Direct Fulfillment, LLC, MII Brand Import, LLC, Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC and Victoria’s Secret Stores, LLC (collectively, the “**VS Subsidiary Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Subsidiary Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of (i) any direct or indirect sale or disposition (by merger or otherwise) of any Subsidiary Guarantor or any interest therein, or any other transaction in accordance with the terms of this Indenture or (ii) a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents

reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Subsidiary Guarantors automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Base Indenture;

WHEREAS, all things necessary to make this First Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Base Indenture have been done; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Base Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Base Indenture as supplemented and amended by this First Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Base Indenture and are used herein with the same meanings as in the Base Indenture.

For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting

principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01. *Amendments.*

The Base Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Base Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Base Indenture is further amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this First Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01. *Effect of First Supplemental Indenture.*

(1) This First Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Base Indenture, and the Base Indenture shall be read together with this First Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Base Indenture and this First Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Base Indenture is confirmed by the parties hereto as supplemented by the terms of this First Supplemental Indenture.

### Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### Section 3.03. *Successors and Assigns.*

All covenants and agreements in this First Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.



Section 3.04. *Severability Clause.*

In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of First Supplemental Indenture.*

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Base Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Base Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
DIRECT FACTORING, LLC  
DISTRIBUTION LAND COMPANY,  
LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of June 18, 2020**

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 18, 2020 (the “**Base Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in L Brands Direct Fulfillment, LLC (f/k/a L Brands Direct Fulfillment, Inc.), MII Brand Import, LLC, Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC and Victoria’s Secret Stores, LLC (collectively, the “**VS Subsidiary Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Subsidiary Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of (i) any direct or indirect sale or disposition (by merger or otherwise) of any Subsidiary Guarantor or any interest therein, or any other transaction in accordance with the terms of this Indenture or (ii) a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents

reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Subsidiary Guarantors automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Base Indenture;

WHEREAS, all things necessary to make this First Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Base Indenture have been done; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Base Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Base Indenture as supplemented and amended by this First Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Base Indenture and are used herein with the same meanings as in the Base Indenture.

For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting

principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01. *Amendments.*

The Base Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Base Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Base Indenture is further amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this First Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01. *Effect of First Supplemental Indenture.*

(1) This First Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Base Indenture, and the Base Indenture shall be read together with this First Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Base Indenture and this First Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Base Indenture is confirmed by the parties hereto as supplemented by the terms of this First Supplemental Indenture.

### Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### Section 3.03. *Successors and Assigns.*

All covenants and agreements in this First Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of First Supplemental Indenture.*

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Base Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Base Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]



IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
DIRECT FACTORING, LLC  
DISTRIBUTION LAND COMPANY,  
LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of August 2, 2021**

**to**

**INDENTURE**

**Dated as of September 30, 2020**

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 2, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated September 30, 2020 (the “**Base Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, the Company on July 9, 2021 approved change of its name from “L Brands, Inc.” to “Bath & Body Works, Inc.” effective as of the August 2, 2021 (the “**Name Change**”);

WHEREAS, Intimate Brands, Inc. and Intimate Brands Holding, LLC merged and changed the name of the surviving entity to “Beauty Specialty Holding, LLC” (the “**Merger**”);

WHEREAS, L Brands Store Design & Construction, Inc. was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, the Company on July 9, 2021 approved the spin-off of the Company’s Victoria’s Secret business (the “**VS Business**”) through the distribution in a tax-free spin-off to the Company’s stockholders of all of the outstanding capital stock of an entity comprising the VS Business (such transaction, the “**Spin-Off Transaction**”), which results in the Company’s transfer of equity interests in L Brands Direct Fulfillment, LLC, MII Brand Import, LLC, Victoria’s Secret Direct Brand Management, LLC, Victoria’s Secret Stores Brand Management, LLC and Victoria’s Secret Stores, LLC (collectively, the “**VS Subsidiary Guarantors**”) to Victoria’s Secret & Co. on August 2, 2021 (the “**Distribution Date**”), effective as of 11:59 p.m. ET;

WHEREAS, each of the VS Subsidiary Guarantors shall cease to be a Subsidiary of the Company as of the Distribution Date as a result of the Spin-Off Transaction;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of (i) any direct or indirect sale or disposition (by merger or otherwise) of any Subsidiary Guarantor or any interest therein, or any other transaction in accordance with the terms of this Indenture or (ii) a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents

reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to reflect the Name Change, the Merger and to release each of L Brands Store Design & Construction, Inc. and the VS Subsidiary Guarantors automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Base Indenture;

WHEREAS, all things necessary to make this First Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Base Indenture have been done; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Base Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Base Indenture as supplemented and amended by this First Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Base Indenture and are used herein with the same meanings as in the Base Indenture.

For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting

principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01. *Amendments.*

The Base Indenture is hereby amended by replacing each instance of “L Brands, Inc.” with “Bath & Body Works, Inc.” All references in the Base Indenture to the “Company” shall mean Bath & Body Works, Inc.

The Base Indenture is further amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this First Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01. *Effect of First Supplemental Indenture.*

(1) This First Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Base Indenture, and the Base Indenture shall be read together with this First Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Base Indenture and this First Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Base Indenture is confirmed by the parties hereto as supplemented by the terms of this First Supplemental Indenture.

### Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### Section 3.03. *Successors and Assigns.*

All covenants and agreements in this First Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of First Supplemental Indenture.*

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Base Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Base Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT,  
INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
DIRECT FACTORING, LLC  
DISTRIBUTION LAND COMPANY,  
LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY,  
LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President



**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**SECOND SUPPLEMENTAL INDENTURE**

**Dated as of November 17, 2021**

**to**

**INDENTURE**

**Dated as of June 18, 2020**

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SECOND SUPPLEMENTAL INDENTURE, dated as of October [-], 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 18, 2020 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated August 2, 2021 (the “**First Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, each of Distribution Land Company, LLC and Direct Factoring, LLC was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to release each of Distribution Land Company, LLC and Direct Factoring, LLC automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Second Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Second Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Original Indenture is hereby amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this Second Supplemental Indenture.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of Second Supplemental Indenture.*

(1) This Second Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Original Indenture, and the Original Indenture shall be read together with this Second Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Second Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Second Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Second Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Second Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Second Supplemental Indenture.*

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Second Supplemental Indenture, the provisions of this Second Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**SECOND SUPPLEMENTAL INDENTURE**

**Dated as of November 17, 2021**

**to**

**INDENTURE**

**Dated as of June 18, 2020**



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SECOND SUPPLEMENTAL INDENTURE, dated as of October [-], 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

### RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated June 18, 2020 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated August 2, 2021 (the “**First Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, each of Distribution Land Company, LLC and Direct Factoring, LLC was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to release each of Distribution Land Company, LLC and Direct Factoring, LLC automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Second Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Second Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Original Indenture is hereby amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this Second Supplemental Indenture.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of Second Supplemental Indenture.*

(1) This Second Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Original Indenture, and the Original Indenture shall be read together with this Second Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Second Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Second Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Second Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Second Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Second Supplemental Indenture.*

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Second Supplemental Indenture, the provisions of this Second Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),  
THE SUBSIDIARY GUARANTORS PARTY HERETO, as Subsidiary Guarantors**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as Trustee**

**SECOND SUPPLEMENTAL INDENTURE**

**Dated as of November 17, 2021**

**to**

**INDENTURE**

**Dated as of September 30, 2020**

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SECOND SUPPLEMENTAL INDENTURE, dated as of October [-], 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Subsidiary Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (hereinafter called the “**Trustee**”).

### RECITALS

WHEREAS, the Company and the Trustee, entered into an indenture, dated September 30, 2020 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated August 2, 2021 (the “**First Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, each of Distribution Land Company, LLC and Direct Factoring, LLC was released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility;

WHEREAS, Section 1303 of the Base Indenture provides that in the event of a Subsidiary Guarantor is (or, substantially concurrently with the release of the Subsidiary Guarantee of such Subsidiary Guarantor, will be) released from all of its obligations under its Guarantee of payment by the Company and all other Subsidiary Guarantors of any Indebtedness of the Company and such other Subsidiary Guarantors under the ABL Facility, then such Subsidiary Guarantor shall be automatically and unconditionally released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect and that the Trustee shall execute any documents reasonably requested by the Company in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee;

WHEREAS, Section 901 of the Base Indenture provides that a supplemental indenture may be entered into by the Company, the Subsidiary Guarantors and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, the Company and the Subsidiary Guarantors desire to supplement the Indenture to release each of Distribution Land Company, LLC and Direct Factoring, LLC automatically and unconditionally from all of its obligations under its Subsidiary Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Subsidiary Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Subsidiary Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Second Supplemental Indenture are hereinafter sometimes collectively referred to as the “Indenture.” For the avoidance of doubt, references to any “Section” of the “Indenture” refer to such Section of the Original Indenture as supplemented and amended by this Second Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;
- (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and
- (5) all references used herein to the male gender shall include the female gender.

ARTICLE 2  
Operation of Amendments

Section 2.01. *Amendments.*

The Original Indenture is hereby amended by replacing the Subsidiary Guarantors with the Subsidiary Guarantors executing this Second Supplemental Indenture.

ARTICLE 3  
Miscellaneous

Section 3.01. *Effect of Second Supplemental Indenture.*

(1) This Second Supplemental Indenture is a supplemental indenture within the meaning of Section 901 of the Original Indenture, and the Original Indenture shall be read together with this Second Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Second Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Second Supplemental Indenture.

Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Second Supplemental Indenture by the Company, the Subsidiary Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Second Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Second Supplemental Indenture.*

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Second Supplemental Indenture, the provisions of this Second Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

SUBSIDIARY GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT,  
INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDING, LLC  
(f/k/a INTIMATE BRANDS HOLDING,  
LLC and INTIMATE BRANDS, INC.)  
L BRANDS SERVICE COMPANY,  
LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: /s/ Scott Miller  
Name: Scott Miller  
Title: Vice President

**BATH & BODY WORKS, INC. (formerly known as L BRANDS, INC.),**

**THE GUARANTORS PARTY HERETO, as Guarantors**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

**as Trustee**

**THIRTEENTH SUPPLEMENTAL INDENTURE**

**Dated as of November 17, 2021**

**to**

**INDENTURE**

**Dated as of March 15, 1988**

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THIRTEENTH SUPPLEMENTAL INDENTURE, dated as of November 15, 2021, among Bath & Body Works, Inc. (formerly known as L Brands, Inc.), a Delaware corporation (hereinafter called the “**Company**”), the Guarantors (as hereinafter defined) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as successor trustee hereunder (hereinafter called the “**Trustee**”).

## RECITALS

WHEREAS, the Company and the Trustee entered into an indenture, dated March 15, 1988 (the “**Base Indenture**”), as amended by the first supplemental indenture, dated May 31, 2005 (the “**First Supplemental Indenture**”), as further amended by the second supplemental indenture, dated July 17, 2007 (the “**Second Supplemental Indenture**”), as further amended by the third supplemental indenture, dated May 4, 2010 (the “**Third Supplemental Indenture**”), as further amended by the fourth supplemental indenture, dated January 29, 2011 (the “**Fourth Supplemental Indenture**”), as further amended by the fifth supplemental indenture, dated March 25, 2011 (the “**Fifth Supplemental Indenture**”), as further amended by the sixth supplemental indenture, dated February 7, 2012 (the “**Sixth Supplemental Indenture**”), as further amended by the seventh supplemental indenture dated March 22, 2013 (the “**Seventh Supplemental Indenture**”), as further amended by the eighth supplemental indenture, dated October 16, 2013 (the “**Eighth Supplemental Indenture**”), as further amended by the ninth supplemental indenture dated January 30, 2015 (the “**Ninth Supplemental Indenture**”), as further amended by the tenth supplemental indenture dated June 30, 2019 (the “**Tenth Supplemental Indenture**”), as further amended by the eleventh supplemental indenture dated October 16, 2020 (the “**Eleventh Supplemental Indenture**”), and as further amended by the twelfth supplemental indenture dated August 2, 2021 (the “**Twelfth Supplemental Indenture**” and the Base Indenture, as amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture, Ninth Supplemental Indenture, Tenth Supplemental Indenture, Eleventh Supplemental Indenture and Twelfth Supplemental Indenture, the “**Original Indenture**”), pursuant to which senior unsecured debentures, notes or other evidences of indebtedness of the Company may be issued in one or more series from time to time;

WHEREAS, Section 6.4 of the Eighth Supplemental Indenture provides that in the event of a Guarantor ceasing to be a borrower or guarantor under any “Senior Credit Facility” (as defined in the Eighth Supplemental Indenture), then such Guarantor shall be automatically and unconditionally released from all of its obligations under its Guarantee with respect to the 5.625% Senior Notes due 2023 (the “**5.625% Notes**”) and that the Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the 5.625% Notes and under Article Six of the Eighth Supplemental Indenture;

WHEREAS, each of Distribution Land Company, LLC and Direct Factoring LLC ceased to be a guarantor under the Company’s Amended and Restated Revolving Credit Agreement;



WHEREAS, Section 1301 of the Original Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Debt Securities, for specified purposes stated therein;

WHEREAS, Section 1301 of the Original Indenture was amended by Section 8.1 of the Eighth Supplemental Indenture solely with respect to the 5.625% Notes to permit a supplemental indenture to release a Guarantor with respect to the 5.625% Notes as provided in Article Six of the Eighth Supplemental Indenture;

WHEREAS, the Company and the Guarantors desire to supplement the Indenture to release each of Distribution Land Company, LLC and Direct Factoring LLC automatically and unconditionally from all of its obligations under its Guarantee pursuant to the Original Indenture;

WHEREAS, all things necessary to make this Thirteenth Supplemental Indenture a valid, binding and enforceable agreement of the Company, the Guarantors and the Trustee and a valid supplement to the Original Indenture have been done; and

NOW, THEREFORE, THIS THIRTEENTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the foregoing, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the Holders from time to time of the Debt Securities, as follows:

ARTICLE 1  
Definitions And Other Provisions Of General Application

Section 1.01. *Definitions.*

The Original Indenture together with this Thirteenth Supplemental Indenture are hereinafter sometimes collectively referred to as the "Indenture." For the avoidance of doubt, references to any "Section" of the "Indenture" refer to such Section of the Original Indenture as supplemented and amended by this Thirteenth Supplemental Indenture. All capitalized terms which are used herein and not otherwise defined herein are defined in the Original Indenture and are used herein with the same meanings as in the Original Indenture.

For all purposes of this Thirteenth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this article have the meanings assigned to them in this article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and,

except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation;

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(5) all references used herein to the male gender shall include the female gender.

## ARTICLE 2 Operation of Amendments

### Section 2.01. *Amendments.*

The Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture and the Twelfth Supplemental Indenture are amended by replacing the Guarantors with the Guarantors executing this Thirteenth Supplemental Indenture.

## ARTICLE 3 Miscellaneous

### Section 3.01. *Effect of Thirteenth Supplemental Indenture.*

(1) This Thirteenth Supplemental Indenture is a supplemental indenture within the meaning of Section 1301 of the Original Indenture, and the Original Indenture shall be read together with this Thirteenth Supplemental Indenture and shall have the same effect over all of the Debt Securities, in the same manner as if the provisions of the Original Indenture and this Thirteenth Supplemental Indenture were contained in the same instrument.

(2) In all other respects, the Original Indenture is confirmed by the parties hereto as supplemented by the terms of this Thirteenth Supplemental Indenture.

### Section 3.02. *Effect of Headings.*

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### Section 3.03. *Successors and Assigns.*

All covenants and agreements in this Thirteenth Supplemental Indenture by the Company, the Guarantors, the Trustee and the Holders shall bind their successors and assigns, whether so expressed or not.

Section 3.04. *Severability Clause.*

In case any provision in this Thirteenth Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.05. *Benefits of Thirteenth Supplemental Indenture.*

Nothing in this Thirteenth Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any benefit or any legal or equitable right, remedy or claim under this Thirteenth Supplemental Indenture.

Section 3.06. *Conflict.*

In the event that there is a conflict or inconsistency between the Original Indenture and this Thirteenth Supplemental Indenture, the provisions of this Thirteenth Supplemental Indenture shall control; provided, however, if any provision hereof limits, qualifies or conflicts with another provision herein or in the Original Indenture, in either case, which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required or deemed provision shall control.

Section 3.07. *Governing Law.*

THIS THIRTEENTH SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE OR ENTERED INTO AND, IN EACH CASE, PERFORMED, IN SAID STATE.

Section 3.08. *Trustee.*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Thirteenth Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Thirteenth Supplemental Indenture to be duly executed on the date and year first written above.

BATH & BODY WORKS, INC.  
(f/k/a L Brands, Inc.)

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

GUARANTORS:  
BATH & BODY WORKS BRAND  
MANAGEMENT, INC.  
BATH & BODY WORKS DIRECT, INC.  
BATH & BODY WORKS, LLC  
BEAUTYAVENUES, LLC  
BEAUTY SPECIALTY HOLDINGS,  
LLC (f/k/a INTIMATE BRANDS, INC.  
and  
INTIMATE BRANDS HOLDING, LLC)  
L BRANDS SERVICE COMPANY, LLC

By: /s/ Timothy J. Faber  
Name: Timothy J. Faber  
Title: Senior Vice President and  
Treasurer

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: /s/ Mitchell L. Brumwell  
Name: Mitchell L. Brumwell  
Title: Vice President

# Bath & Body Works®

## 2020 Stock Option and Performance Incentive Plan Restricted Share Unit Award Agreement (Director Award)

By accepting this Restricted Share Unit award in respect of *[Number of Units]* shares of common stock, par value \$0.50 per share (“Common Stock”), of Bath & Body Works, Inc. (the “Company”), the Participant agrees to the terms and conditions of this Restricted Share Unit Award Agreement (this “Agreement”) and the terms of the Company’s 2020 Stock Option and Performance Incentive Plan (the “Plan”). The “Restricted Period” means the period beginning on *[Date of Grant]* (the “Grant Date”) and ending on *[Insert Applicable Date]*. Unless otherwise defined herein, capitalized terms used herein shall have the meaning set forth in the Plan.

**(1) VESTING.**

Subject to Section (5) and (7), Restricted Share Units will vest on the date[s] outlined below ([each, a][the] “Vesting Date”), provided that the Participant continues to serve as a director of the Board (“Service”) through [each] such Vesting Date.

*[Insert Applicable Vesting Schedule]<sup>1</sup>*

**(2) RESTRICTIONS.** None of the Restricted Share Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than in connection with a forfeiture under Section (5)) unless and until the Participant becomes the holder of record of the shares of Common Stock issuable hereunder and subject to the satisfaction of all conditions specified in this Agreement.

**(3) RECORDING OF AWARD.** The Company shall cause the Restricted Share Unit award to be appropriately recorded as of the Grant Date.

**(4) RIGHTS OF PARTICIPANT.** Prior to *[a/the]* Settlement Date (as defined below), the Participant shall not have the right to vote the shares of Common Stock underlying the Restricted Share Units or to receive ordinary dividends or dividend equivalent rights arising from ordinary dividends with respect thereto.

**(5) TERMINATION OF SERVICE/FORFEITURES.**

(a) Except as noted in this Section (5) or Section (7), Restricted Share Units granted to the Participant pursuant to this Agreement with respect to which the applicable vesting conditions under this Agreement have not lapsed shall be forfeited if the Participant’s Service is terminated for any reason prior to *[any applicable/the]* Vesting Date. Upon such forfeiture, such Restricted Share Units shall be cancelled for no consideration.

(b) Notwithstanding anything to the contrary in Section 5(a), upon the Participant’s *[involuntary termination of Service (as defined below) or]<sup>2</sup>* termination of Service due to the Participant’s death or Disability (as defined below and determined by the Board), the vesting conditions applicable to the Restricted Shares Units shall immediately lapse and be deemed to have been satisfied in full, and the Restricted Period shall be deemed to have expired. For purposes of this Agreement, (i) *[an “involuntary termination of Service”*

<sup>1</sup> Vesting schedule to provide for (i) ratable vesting on the first, second and/or third anniversary of the grant date or (ii) 100% vesting on the first anniversary of the grant date, as applicable.

<sup>2</sup> To be included as applicable.

is a termination of the Participant's Service other than as a result of (A) the Participant's voluntary resignation from the Board or the Participant's voluntary determination not to stand for reelection to the Board at an annual meeting of the stockholders of the Company held during the Restricted Period at which directors are elected, for the avoidance of doubt, in each case not at the request of the Company or (B) termination of the Participant's Service on the Board by the Company for Cause (as determined by the Board in its sole discretion), and (ii)]<sup>3</sup> "Disability" means the absence of the Participant from the Participant's duties with the Company for 180 consecutive business days (or for 180 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Participant or her legal representative.

**(6) SETTLEMENT OF RESTRICTED SHARE UNITS.**

- (a) Upon [the/each] Vesting Date or other vesting event as specified in Sections (5) and (7), a number of shares of Common Stock equal to the number of Restricted Share Units with respect to which the vesting conditions have been satisfied (or deemed satisfied) shall be delivered, free of all restrictions hereunder, to the Participant or the Participant's beneficiary or estate, as the case may be. Such delivery in settlement of the vested Restricted Share Units shall be made promptly following [the/each] Vesting Date or vesting event specified in Sections (5) or (7), and in no event later than thirty (30) days following the [applicable] Vesting Date or such other applicable vesting event ([each,] a "Settlement Date").
- (b) [For the avoidance of doubt, there shall not be permitted to make any election to defer any Restricted Share Units under this Agreement under Sections 11.08 or 11.09 of the Plan.]<sup>4</sup>

**(7) EFFECT OF CHANGE IN CONTROL.** Upon a Change in Control, subject to the Participant's continued Service through as of immediately prior to such Change in Control, any conditions applicable to the Restricted Share Units, including the vesting conditions, shall lapse and be deemed to have been satisfied in full, and the Restricted Period shall be deemed to have expired as of the date of such Change in Control.

**(8) TAX WITHHOLDING.** To the extent applicable, the Company shall have the right to require the Participant or the Participant's beneficiaries or legal representatives to remit to the Company an amount sufficient to satisfy Federal, state or local withholding tax requirements (if any), or to deduct from distributions under the Plan amounts sufficient to satisfy such withholding tax requirements (if any).

**(9) SECTION 409A.** The Restricted Share Units granted hereunder are intended to comply with the requirements of Code Section 409A or an exemption or exclusion therefrom and, with respect to amounts that are subject to Code Section 409A, it is intended that this Agreement will be administered and interpreted in all respects in accordance with Code Section 409A, including with respect to any defined terms used herein. Any payments that qualify for the "short-term deferral" exception or another exception under Code Section 409A shall be paid under the applicable exception and shall not be treated as deferred compensation subject to Code Section 409A. Each payment hereunder shall be treated as a separate payment for purposes of Code Section 409A. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made hereunder that constitutes nonqualified deferred compensation subject to Code Section 409A. [Notwithstanding anything to the contrary in the Plan or this Agreement, solely to the extent that the Participant constitutes a "specified employee" of the Company (as determined in accordance with Section 409A of the Code), then (a) no payment or distribution under this Agreement that constitutes an item of deferred compensation under Code Section

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<sup>3</sup> To be included as applicable.

<sup>4</sup> To be included as applicable.

409A and becomes payable by reason of the Participant's termination of Service will be made to the Participant until the Participant's termination of Service constitutes a "separation from service" within the meaning of Code Section 409A, and (b) to the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided during the six (6) month period immediately following the Participant's termination of Service shall instead be paid on the first business day after the date that is six (6) months following the Participant's separation from service (or upon the Participant's death, if earlier).]

**(10) MISCELLANEOUS.**

- (a) No Right to Continued Service. This Agreement shall not confer upon the Participant any right to continue in the service of the Company or any subsidiary or to be entitled to any remuneration or benefits not set forth in this Agreement or the Plan.
- (b) Clawback. Subject to restrictions set forth in the Plan, if required by law, the Company may terminate this Agreement and require the Participant to reimburse to the Company an amount required by law.
- (c) Notice. Any notice or other communication required or permitted to be given under this Agreement must be given electronically or by regular U.S. mail addressed, if to the Board, the Committee or the Company, at the principal office of the Company and, if to the Participant, at the Participant's last known address as set forth in the books and records of the Company.
- (d) Plan to Govern. This Agreement and the rights of the Participant hereunder are subject to all of the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for the administration of the Plan. In the event of a conflict between this Agreement and the Plan, the terms of this Agreement shall govern.
- (e) Amendment. This Agreement may not be suspended, modified or amended, without the consent of the Participant, except to the extent any such action is undertaken to cause this Agreement to comply with applicable law, stock market or exchange rules and regulations or tax rules and regulations.
- (f) Severability. In the event that any provision of this Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.
- (g) Entire Agreement. This Agreement and the Plan contain all of the understandings between the Company and the Participant concerning the Restricted Share Units granted hereunder and supersede all prior agreements and understandings.
- (h) Counterparts. This Agreement may be executed in counterparts, each of which when signed by the Company and the Participant will be an original and all of which together will be the same Agreement.
- (i) Governing Law. To the extent not preempted by Federal law, this Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

# Lbrands

## MEMORANDUM

**TO:** Jamie Bersani

**FROM:** Sam Fried

**DATE:** November 2, 2018

**SUBJECT:** Compensation in the event of involuntary termination other than for Cause

This memo sets forth our understanding of compensation in the event of your involuntary termination of employment, other than for "Cause" (as defined in the L Brands, Inc. 2015 Stock Option and Performance Incentive Plan).

### **Base Salary**

Subject to the conditions described below, you will receive your base salary for a period of two years following your termination date.

### **Incentive Compensation**

You will receive two seasons of incentive compensation based on the actual performance of the Company beginning with the season in which the termination occurs. If the termination occurs within 24 months following a "Change in Control" (as defined in the L Brands, Inc. 2015 Stock Option and Performance Incentive Plan), you will receive an amount equal to the sum of the last four bonus payments, plus a pro-rata amount (calculated based on prior four season average and the number of days you are employed during the season) for the season in which the termination occurs.

### **Stock Options and Restricted Stock Units**

Your stock awards will be treated in accordance with the terms and conditions of each award.

### **Benefits**

Medical, dental and other insurance benefits will be provided for up to 18 months during the period that you receive salary continuation.

### **Confidentiality, Non-Competition and Non-Solicitation Agreements**

As a condition to receive severance payments and pro-rata equity vesting you are required to execute a release of claims against the Company and shall be bound by the terms of certain restrictive covenants, including non-competition and non-solicitation agreements which prohibit soliciting or diverting any current or potential employee, customer, or supplier or competing with any of our businesses in which you have been employed for a period of one year from the date of termination.

### **No Change in Control Gross-Up Payment**

In exchange for these enhanced severance benefits, you agree that Section (8)(c) and (d) of your Confidentiality, Non-Competition and Intellectual Property agreement shall be void and of no force or effect.

### **Deferred Compensation Subject to Internal Revenue Code Section 409A ("409A")**

Any compensation paid upon separation that is determined to be subject to 409A, will be paid in accordance with the requirements of 409A.



## SUBSIDIARIES OF THE REGISTRANT

<b>Subsidiaries (a)</b>	<b>Jurisdiction of Incorporation</b>
Bath & Body Works Brand Management, Inc.	Delaware
Bath & Body Works Direct, Inc.	Delaware
Bath & Body Works, LLC	Delaware
Beauty Specialty Holding, LLC	Delaware
L Brands (Overseas), Inc.	Delaware
L Brands Service Company, LLC	Delaware
PCAB S.à.r.l.	Luxembourg
Retail Store Operations, Inc.	Delaware

- (a) The names of certain subsidiaries are omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of January 29, 2022.

**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 January 29, 2022:

<b>Entity</b>	<b>Jurisdiction of Incorporation or Organization</b>
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

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-4 No. 333-227288) of L Brands, Inc.,
2. Registration Statement (Form S-8 No. 333-262626) pertaining to the Bath & Body Works, Inc. 401(k) Savings and Retirement Plan,
3. Registration Statement (Form S-8 No. 333-251226) pertaining to the L Brands, Inc. 2020 Stock Option and Performance Incentive Plan,
4. Registration Statement (Form S-8 No. 333-206787) pertaining to the L Brands, Inc. 2015 Stock Option and Performance Incentive Plan, and
5. Registration Statement (Form S-8 No. 333-176588) pertaining to the Limited Brands, Inc. 2011 Stock Option and Performance Plan;

of our reports dated March 18, 2022, with respect to the consolidated financial statements of Bath & Body Works, Inc., and the effectiveness of internal control over financial reporting of Bath & Body Works, Inc., included in this Annual Report (Form 10-K) for the year ended January 29, 2022.

/s/ Ernst & Young LLP

Grandview Heights, Ohio  
March 18, 2022

POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ PATRICIA S. BELLINGER

Patricia S. Bellinger



POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ DANIELLE M. LEE

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Danielle M. Lee



POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ MICHAEL G. MORRIS

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Michael G. Morris



POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ SARAH E. NASH

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Sarah E. Nash

POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ ROBERT H. SCHOTTENSTEIN

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Robert H. Schottenstein

POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ STEPHEN D. STEINOUR

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Stephen D. Steinour

POWER OF ATTORNEY  
OFFICERS AND  
DIRECTORS OF  
BATH AND BODY WORKS, INC.

The undersigned officer and/or director of Bath and Body Works, Inc., a Delaware corporation, which anticipates filing an Annual Report on Form 10-K for its fiscal year ended January 29, 2022 under the provisions of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, Washington, DC, hereby constitutes and appoints Andrew M. Meslow and Wendy C. Arlin, and each of them, with full powers of substitution and resubstitution, as attorney to sign for the undersigned in any and all capacities such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 1st day of February, 2022.

/s/ JAMES K. SYMANCYK

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James K. Symancyk

## Section 302 Certification

I, Andrew M. Meslow, certify that:

1. I have reviewed this Annual Report on Form 10-K 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/ ANDREW M. MESLOW

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Andrew M. Meslow  
Chief Executive Officer

Date: March 18, 2022

## Section 302 Certification

I, Wendy C. Arlin, certify that:

1. I have reviewed this Annual Report on Form 10-K 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/ WENDY C. ARLIN

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Wendy C. Arlin  
Executive Vice President and  
Chief Financial Officer

Date: March 18, 2022

Section 906 Certification

Andrew M. Meslow, the Chief Executive Officer, and Wendy C. Arlin, the Executive Vice President and Chief Financial Officer, of Bath & Body Works, Inc. (the "Company"), each certifies that, to the best of our knowledge:

- (i) the Annual Report of the Company on Form 10-K dated March 18, 2022 for the fiscal year ended January 29, 2022 (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDREW M. MESLOW

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Andrew M. Meslow  
Chief Executive Officer

/s/ WENDY C. ARLIN

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Wendy C. Arlin  
Executive Vice President and  
Chief Financial Officer

Date: March 18, 2022