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

FORM 10-Q

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

For the quarterly period ended August 3, 2024

OR

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

For the transition period from to

Commission file number 1-8344

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

Delaware	**31-1029810**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Three Limited Parkway		
Columbus,	**Ohio**	**43230**
(Address of principal executive offices)		(Zip Code)

(614) 415-7000
(Registrant's Telephone Number, Including Area Code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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

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

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

As of August 23, 2024, the number of outstanding shares of the Registrant's common stock was 219,111,946 shares.

BATH & BODY WORKS, INC.

TABLE OF CONTENTS

* The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "second quarter of 2024" and "second quarter of 2023" refer to the thirteen-week periods ended August 3, 2024 and July 29, 2023, respectively. "Year-to-date 2024" and "year-to-date 2023" refer to the twenty-six-week periods ended August 3, 2024 and July 29, 2023, respectively.

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
Net Sales	$ 1,526	$ 1,559	$ 2,910	$ 2,955
Costs of Goods Sold, Buying and Occupancy	(900)	(937)	(1,677)	(1,737)
Gross Profit	626	622	1,233	1,218
General, Administrative and Store Operating Expenses	(443)	(434)	(863)	(849)
Operating Income	183	188	370	369
Interest Expense	(77)	(86)	(159)	(175)
Other Income	47	25	61	45
Income Before Income Taxes	153	127	272	239
Provision for Income Taxes	1	28	33	59
Net Income	$ 152	$ 99	$ 239	$ 180
Net Income per Basic Share	$ 0.68	$ 0.43	$ 1.07	$ 0.79
Net Income per Diluted Share	$ 0.68	$ 0.43	$ 1.06	$ 0.78

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

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
Net Income	$ 152	$ 99	$ 239	$ 180
Other Comprehensive Income (Loss), Net of Tax:				
Foreign Currency Translation	(1)	2	(3)	—
Unrealized Gain (Loss) on Cash Flow Hedges	1	(1)	2	—
Reclassification of Cash Flow Hedges to Earnings	—	(1)	—	(1)
Total Other Comprehensive Income (Loss), Net of Tax	—	—	(1)	(1)
Total Comprehensive Income	$ 152	$ 99	$ 238	$ 179

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)

	August 3, 2024 (Unaudited)	February 3, 2024	July 29, 2023 (Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 514	$ 1,084	$ 790
Accounts Receivable, Net	146	224	153
Inventories	863	710	818
Other	143	97	132
Total Current Assets	1,666	2,115	1,893
Property and Equipment, Net	1,166	1,220	1,236
Operating Lease Assets	1,043	1,056	1,080
Goodwill	628	628	628
Trade Name	165	165	165
Deferred Income Taxes	143	144	38
Other Assets	137	135	155
Total Assets	$ 4,948	$ 5,463	$ 5,195
LIABILITIES AND EQUITY (DEFICIT)			
Current Liabilities:			
Accounts Payable	$ 411	$ 380	$ 508
Accrued Expenses and Other	526	608	518
Current Debt	313	—	—
Current Operating Lease Liabilities	186	181	187
Income Taxes	61	120	—
Total Current Liabilities	1,497	1,289	1,213
Deferred Income Taxes	45	147	168
Long-term Debt	3,881	4,388	4,668
Long-term Operating Lease Liabilities	984	1,004	1,036
Other Long-term Liabilities	259	261	264
Shareholders' Equity (Deficit):			
Preferred Stock - $1.00 par value; 10 shares authorized; none issued	—	—	—
Common Stock - $0.50 par value; 1,000 shares authorized; 235, 240 and 243 shares issued; 220, 225 and 228 shares outstanding, respectively	117	120	121
Paid-in Capital	830	838	827
Accumulated Other Comprehensive Income	74	75	77
Retained Earnings (Accumulated Deficit)	(1,918)	(1,838)	(2,358)
Less: Treasury Stock, at Average Cost; 15, 15 and 15 shares, respectively	(822)	(822)	(822)
Total Shareholders' Equity (Deficit)	(1,719)	(1,627)	(2,155)
Noncontrolling Interest	1	1	1
Total Equity (Deficit)	(1,718)	(1,626)	(2,154)
Total Liabilities and Equity (Deficit)	$ 4,948	$ 5,463	$ 5,195

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

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

Second Quarter 2024

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
Balance, May 4, 2024	223	$ 119	$ 841	$ 74	$ (1,889)	$ (822)	$ 1	$ (1,676)
Net Income	—	—	—	—	152	—	—	152
Other Comprehensive Income	—	—	—	—	—	—	—	—
Total Comprehensive Income	—	—	—	—	152	—	—	152
Cash Dividends ($0.20 per share)	—	—	—	—	(45)	—	—	(45)
Repurchases of Common Stock	(4)	—	—	—	—	(150)	—	(150)
Treasury Share Retirement	—	(2)	(12)	—	(136)	150	—	—
Share-based Compensation and Other	1	—	1	—	—	—	—	1
Balance, August 3, 2024	220	$ 117	$ 830	$ 74	$ (1,918)	$ (822)	$ 1	$ (1,718)

Second Quarter 2023

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
Balance, April 29, 2023	229	$ 122	$ 818	$ 77	$ (2,366)	$ (822)	$ 1	$ (2,170)
Net Income	—	—	—	—	99	—	—	99
Other Comprehensive Income	—	—	—	—	—	—	—	—
Total Comprehensive Income	—	—	—	—	99	—	—	99
Cash Dividends ($0.20 per share)	—	—	—	—	(46)	—	—	(46)
Repurchases of Common Stock	(1)	—	—	—	—	(50)	—	(50)
Treasury Share Retirement	—	(1)	(4)	—	(45)	50	—	—
Share-based Compensation and Other	—	—	13	—	—	—	—	13
Balance, July 29, 2023	228	$ 121	$ 827	$ 77	$ (2,358)	$ (822)	$ 1	$ (2,154)

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

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

Year-to-Date 2024

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
Balance, February 3, 2024	225	$ 120	$ 838	$ 75	$ (1,838)	$ (822)	$ 1	$ (1,626)
Net Income	—	—	—	—	239	—	—	239
Other Comprehensive Loss	—	—	—	(1)	—	—	—	(1)
Total Comprehensive Income	—	—	—	(1)	239	—	—	238
Cash Dividends ($0.40 per share)	—	—	—	—	(90)	—	—	(90)
Repurchases of Common Stock	(6)	—	—	—	—	(249)	—	(249)
Treasury Share Retirement	—	(3)	(17)	—	(229)	249	—	—
Share-based Compensation and Other	1	—	9	—	—	—	—	9
Balance, August 3, 2024	220	$ 117	$ 830	$ 74	$ (1,918)	$ (822)	$ 1	$ (1,718)

Year-to-Date 2023

	Common Stock							
	Shares Outstanding	Par Value	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Stock, at Average Cost	Noncontrolling Interest	Total Equity (Deficit)
Balance, January 28, 2023	229	$ 122	$ 817	$ 78	$ (2,401)	$ (822)	$ 1	$ (2,205)
Net Income	—	—	—	—	180	—	—	180
Other Comprehensive Loss	—	—	—	(1)	—	—	—	(1)
Total Comprehensive Income	—	—	—	(1)	180	—	—	179
Cash Dividends ($0.40 per share)	—	—	—	—	(92)	—	—	(92)
Repurchases of Common Stock	(1)	—	—	—	—	(50)	—	(50)
Treasury Share Retirement	—	(1)	(4)	—	(45)	50	—	—
Share-based Compensation and Other	—	—	14	—	—	—	—	14
Balance, July 29, 2023	228	$ 121	$ 827	$ 77	$ (2,358)	$ (822)	$ 1	$ (2,154)

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

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

	Year-to-Date	
	2024	**2023**
Operating Activities:		
Net Income	$ 239	$ 180
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of Long-lived Assets	142	129
Share-based Compensation Expense	22	18
Gain on Sales of Easton Investments	(39)	—
Loss (Gain) on Extinguishment of Debt	3	(16)
Deferred Income Taxes	(102)	—
Changes in Assets and Liabilities:		
Accounts Receivable	78	74
Inventories	(154)	(109)
Accounts Payable, Accrued Expenses and Other	(67)	(87)
Income Taxes Payable	(79)	(107)
Other Assets and Liabilities	(13)	(5)
Net Cash Provided by Operating Activities	30	77
Investing Activities:		
Capital Expenditures	(101)	(178)
Proceeds from Sales of Easton Investments	50	—
Other Investing Activities	11	2
Net Cash Used for Investing Activities	(40)	(176)
Financing Activities:		
Payments for Long-term Debt	(202)	(182)
Repurchases of Common Stock	(248)	(48)
Dividends Paid	(90)	(92)
Tax Payments Related to Share-based Awards	(15)	(9)
Other Financing Activities	(5)	(12)
Net Cash Used for Financing Activities	(560)	(343)
Net Decrease in Cash and Cash Equivalents	(570)	(442)
Cash and Cash Equivalents, Beginning of Year	1,084	1,232
Cash and Cash Equivalents, End of Period	$ 514	$ 790

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

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

1. Description of Business and Basis of Presentation

Description of Business

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

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31. As used herein, "second quarter of 2024" and "second quarter of 2023" refer to the thirteen-week periods ended August 3, 2024 and July 29, 2023, respectively. "Year-to-date 2024" and "year-to-date 2023" refer to the twenty-six-week periods ended August 3, 2024 and July 29, 2023, 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 Income in the Consolidated Statements of Income. The Company's equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value.

Interim Financial Statements

The Consolidated Financial Statements as of and for the periods ended August 3, 2024 and July 29, 2023 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in the Company's 2023 Annual Report on Form 10-K.

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

Seasonality of Business

The Company's operations are seasonal in nature and consist of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters). The Company's sales are highest during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Due to the seasonal variations in the retail industry, the results of operations for the interim periods are not necessarily indicative of the results expected for the full fiscal year.

Derivative Financial Instruments

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

Concentration of Credit Risk

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

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

Easton Investments

The Company has land and other investments in Easton, a planned community in Columbus, Ohio, that integrates office, hotel, retail, residential and recreational space. These investments, totaling $121 million as of August 3, 2024, $120 million as of February 3, 2024 and $127 million as of July 29, 2023, are recorded in Other Assets on the Consolidated Balance Sheets.

Previously included in the Company's Easton investments were 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 were accounted for using the equity method of accounting. On May 10, 2024, the Company sold its entire interest in the business associated with EG, and on August 1, 2024, the Company sold its entire interest in ETC. The Company received aggregate cash proceeds of $50 million at the closing of these sales, and recognized a pre-tax gain of $39 million, which is included in Other Income in the 2024 Consolidated Statements of Income.

Use of Estimates in the Preparation of Financial Statements

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

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures*, that expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance, and applies to companies with a single reportable segment. The standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this standard on its disclosures.

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

2. Revenue Recognition

Accounts receivable, net from revenue-generating activities were $87 million as of August 3, 2024, $84 million as of February 3, 2024 and $78 million as of July 29, 2023. These accounts receivable primarily relate to amounts due from the Company's franchise, license and wholesale partners. Under these arrangements, payment terms are typically 45 to 75 days.

The Company records deferred revenue when cash payments are received in advance of transfer of control of goods or services. Deferred revenue primarily relates to gift cards, loyalty points and rewards and direct channel shipments, which are all impacted by seasonal and holiday-related sales patterns. Deferred revenue, which is recorded within Accrued Expenses and Other on the Consolidated Balance Sheets, was $166 million as of August 3, 2024, $198 million as of February 3, 2024 and $161 million as of July 29, 2023. The Company recognized $98 million as revenue year-to-date 2024 from amounts recorded as deferred revenue at the beginning of the Company's fiscal year.

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

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
	(in millions)			
Stores - U.S. and Canada (a)	$ 1,140	$ 1,144	$ 2,205	$ 2,177
Direct - U.S. and Canada	297	329	558	609
International (b)	89	86	147	169
Total Net Sales	$ 1,526	$ 1,559	$ 2,910	$ 2,955

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

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

The Company's Net Sales outside of the U.S. include sales from Company-operated stores and its e-commerce site in Canada, royalties associated with franchised stores and wholesale sales. Certain of these sales are subject to the impact of fluctuations in foreign currency. The Company's Net Sales outside of the U.S. totaled $164 million and $163 million for the second quarters of 2024 and 2023, respectively and $289 million and $307 million for year-to-date 2024 and 2023, respectively.

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

Net Income Per Share

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

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

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
	(in millions)			
Common Shares	237	243	239	244
Treasury Shares	(15)	(15)	(15)	(15)
Basic Shares	222	228	224	229
Effect of Dilutive Awards	1	1	1	1
Diluted Shares	223	229	225	230
Anti-dilutive Awards (a)	—	—	1	1

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

Common Stock Repurchases

2022 Share Repurchase Program

In February 2022, the Company's Board of Directors (the "Board") authorized a $1.5 billion share repurchase program (the "February 2022 Program"). Under the February 2022 Program, the Company repurchased the following shares of its common stock during year-to-date 2024 and 2023:

Repurchase Program	Shares Repurchased		Amount Repurchased		Average Stock Price	
	2024	2023	2024	2023	2024	2023
	(in thousands)		(in millions)			
February 2022	842	1,326	$ 39	$ 50	$ 46.08	$ 37.65

The February 2022 Program had no remaining authority as of May 4, 2024. There were share repurchases of $1 million reflected in Accounts Payable on the February 3, 2024 Consolidated Balance Sheet.

2024 Share Repurchase Program

In January 2024, the Board authorized a new $500 million share repurchase program (the "January 2024 Program"). Under the January 2024 Program, the Company repurchased the following shares of its common stock during year-to-date 2024:

Repurchase Program	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in thousands)	(in millions)	
January 2024	4,921	$ 210	$ 42.72

The January 2024 Program had $290 million of remaining authority as of August 3, 2024. There were share repurchases of $2 million reflected in Accounts Payable on the August 3, 2024 Consolidated Balance Sheet.

Common Stock Retirement

Shares of common stock repurchased under the February 2022 and January 2024 Programs are retired and cancelled upon repurchase. As a result, the Company retired the 5.763 million shares repurchased during year-to-date 2024, which resulted in reductions of $3 million in the par value of Common Stock, $17 million in Paid-in Capital and $229 million in Retained

Earnings (Accumulated Deficit). The Company retired the 1.326 million shares repurchased year-to-date 2023, which resulted in reductions of $1 million in the par value of Common Stock, $4 million in Paid-in Capital and $45 million in Retained Earnings (Accumulated Deficit).

Dividends

The Company paid the following dividends during the first and second quarters of 2024 and 2023:

	Ordinary Dividends (per share)	Total Paid (in millions)
2024		
First Quarter	$ 0.20	$ 45
Second Quarter	0.20	45
Total	$ 0.40	$ 90
2023		
First Quarter	$ 0.20	$ 46
Second Quarter	0.20	46
Total	$ 0.40	$ 92

In August 2024, the Company declared its third quarter 2024 ordinary dividend of $0.20 per share payable on September 6, 2024 to stockholders of record at the close of business on August 23, 2024.

4. Inventories

The following table provides details of Inventories as of August 3, 2024, February 3, 2024 and July 29, 2023:

	August 3, 2024	February 3, 2024	July 29, 2023
		(in millions)	
Finished Goods Merchandise	$ 669	$ 558	$ 638
Raw Materials and Merchandise Components	194	152	180
Total Inventories	$ 863	$ 710	$ 818

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

5. Long-lived Assets

The following table provides details of Property and Equipment, Net as of August 3, 2024, February 3, 2024 and July 29, 2023:

	August 3, 2024	February 3, 2024	July 29, 2023
		(in millions)	
Property and Equipment, at Cost	$ 3,171	$ 3,123	$ 3,058
Accumulated Depreciation and Amortization	(2,005)	(1,903)	(1,822)
Property and Equipment, Net	$ 1,166	$ 1,220	$ 1,236

Depreciation expense was $71 million and $66 million for the second quarters of 2024 and 2023, respectively. Depreciation expense was $142 million and $129 million for year-to-date 2024 and 2023, respectively.

6. Income Taxes

The provision for income taxes is based on the current estimate of the annual effective tax rate and is adjusted as necessary for quarterly events.

For the second quarter of 2024, the Company’s effective tax rate was 0.9% compared to 21.9% in the second quarter of 2023. The 2024 second quarter rate was lower than the Company’s combined estimated federal and state statutory rates primarily due to the sales of Easton investments during the quarter, which resulted in the release of a valuation allowance on a deferred tax asset. The 2023 second quarter rate was lower than the Company’s combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the quarter.

For year-to-date 2024, the Company’s effective tax rate was 12.1% compared to 24.7% for year-to-date 2023. The 2024 year-to-date rate was lower than the Company's combined estimated federal and state statutory rates primarily due to the sales of Easton investments during the period, which resulted in the release of a valuation allowance on a deferred tax asset. The 2023 year-to-date rate was lower than the Company's combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the period.

Income taxes paid were $197 million and $161 million for the second quarters of 2024 and 2023, respectively. Income taxes paid were $203 million and $168 million for year-to-date 2024 and 2023, respectively.

7. Long-term Debt and Borrowing Facility

The following table provides the Company's outstanding debt balances, net of unamortized debt issuance costs and discounts, as of August 3, 2024, February 3, 2024 and July 29, 2023:

	August 3, 2024	February 3, 2024	July 29, 2023
		(in millions)	
Senior Debt with Subsidiary Guarantee			
$314 million, 9.375% Fixed Interest Rate Notes due July 2025 ("2025 Notes")	$ 313	$ 313	$ 312
$284 million, 6.694% Fixed Interest Rate Notes due January 2027 ("2027 Notes")	275	287	285
$444 million, 5.250% Fixed Interest Rate Notes due February 2028 ("2028 Notes")	443	460	498
$482 million, 7.500% Fixed Interest Rate Notes due June 2029 ("2029 Notes")	475	492	491
$844 million, 6.625% Fixed Interest Rate Notes due October 2030 ("2030 Notes")	838	930	984
$802 million, 6.875% Fixed Interest Rate Notes due November 2035 ("2035 Notes")	796	806	933
$575 million, 6.750% Fixed Interest Rate Notes due July 2036 ("2036 Notes")	571	608	612
Total Senior Debt with Subsidiary Guarantee	3,711	3,896	4,115
Senior Debt			
$284 million, 6.950% Fixed Interest Rate Debentures due March 2033 ("2033 Notes")	283	293	340
$201 million, 7.600% Fixed Interest Rate Notes due July 2037 ("2037 Notes")	200	199	213
Total Senior Debt	483	492	553
Total Debt	4,194	4,388	4,668
Current Debt	(313)	—	—
Total Long-term Debt, Net of Current Portion	$ 3,881	$ 4,388	$ 4,668

Repurchases of Notes

During the second quarter of and year-to-date 2024, the Company repurchased in the open market and extinguished $91 million and $200 million principal amounts of its outstanding senior notes, respectively. The aggregate repurchase price for these notes were $92 million and $202 million for the second quarter of and year-to-date 2024, respectively, resulting in pre-tax losses of $2 million and $3 million, including the write-off of unamortized issuance costs, during the second quarter of and year-to-date 2024, respectively. These losses are included in Other Income in the 2024 Consolidated Statements of Income.

During the second quarter of and year-to-date 2023, the Company repurchased in the open market and extinguished $115 million and $199 million principal amounts of its outstanding senior notes, respectively. The aggregate repurchase price for these notes were $106 million and $182 million for the second quarter of and year-to-date 2023, respectively, resulting in pre-tax gains of $9 million and $16 million, including the write-off of unamortized issuance costs, during the second quarter of and year-to-date 2023, respectively. These gains are included in Other Income in the 2023 Consolidated Statements of Income.

The following table provides details of the outstanding principal amounts of senior notes repurchased and extinguished during the second quarters of and year-to-date 2024 and 2023:

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
	(in millions)			
2025 Notes	$ —	$ —	$ —	$ 6
2027 Notes	14	—	14	—
2028 Notes	7	—	17	—
2029 Notes	10	—	17	—
2030 Notes	56	5	94	7
2033 Notes	—	6	10	9
2035 Notes	4	47	10	61
2036 Notes	—	26	38	83
2037 Notes	—	31	—	33
Total	$ 91	$ 115	$ 200	$ 199

Asset-backed Revolving Credit Facility

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

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 August 3, 2024, the Company's borrowing base was $661 million, and it had no borrowings outstanding under the ABL Facility.

The ABL Facility supports the Company's letter of credit program. The Company had $10 million of outstanding letters of credit as of August 3, 2024 that reduced its availability under the ABL Facility. As of August 3, 2024, the Company's availability under the ABL Facility was $651 million.

As of August 3, 2024, the ABL Facility fees related to committed and unutilized amounts were 0.30% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was the Term Secured Overnight Financing Rate plus 1.25% and a credit spread adjustment of 0.10% per annum.

The ABL Facility requires the Company to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (i) $70 million or (ii) 10% of the maximum borrowing amount. As of August 3, 2024, the Company was not required to maintain this ratio.

8. Fair Value Measurements

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

The following table provides a summary of the principal value and estimated fair value of the Company's outstanding debt as of August 3, 2024, February 3, 2024 and July 29, 2023:

	August 3, 2024	February 3, 2024	July 29, 2023
	(in millions)		
Principal Value	$ 4,230	$ 4,430	$ 4,716
Fair Value, Estimated (a)	4,241	4,456	4,510

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

Management believes that the carrying values of the Company's Accounts Receivable, Accounts Payable and Accrued Expenses approximate their fair values because of their short maturities.

9. Commitments and Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, insurance, regulatory and other matters arising in the ordinary course of business. Actions filed against the Company from time to time may include commercial, tort, intellectual property, tax, customer, employment, wage and hour, data privacy, securities, anti-corruption and other claims, including purported class action lawsuits. Management believes that the ultimate liability arising from such claims and contingencies, if any, is not likely to have a material adverse effect on the Company’s results of operations, financial condition or cash flows.

Lease Guarantees

In connection with the spin-off of Victoria’s Secret & Co. and the disposal of a certain other business, the Company had remaining contingent obligations of $253 million as of August 3, 2024 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. These obligations include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of these businesses. The Company’s reserves related to these obligations were not significant for any period presented.

Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheets of Bath & Body Works, Inc. (the Company) as of August 3, 2024 and July 29, 2023, the related consolidated statements of income, comprehensive income, and total equity (deficit) for the thirteen and twenty-six-week periods ended August 3, 2024 and July 29, 2023, the consolidated statements of cash flows for the twenty-six-week periods ended August 3, 2024 and July 29, 2023, and the related notes (collectively referred to as the "consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

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

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Grandview Heights, Ohio
August 28, 2024

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION ACT OF 1995

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this report or made by our Company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “planned,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and, in the future, could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by the 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 seasonality of our business;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- difficulties arising from turnover in Company leadership or other key positions;
- the dependence on store traffic and the availability of suitable store locations on appropriate terms;
- our continued growth in part through new store openings and existing store remodels and expansions;
- our ability to successfully operate and expand internationally and related risks;
- our independent franchise, license, wholesale and other distribution-related partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to attract customers with marketing, advertising, promotional programs and our loyalty program;
- our ability to maintain, enforce and protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brand, develop new merchandise and launch and expand new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
  - political instability, wars and other armed conflicts, environmental hazards or natural disasters;
  - significant health hazards or pandemics, 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; or
  - changing expectations regarding product safety due to new legislation;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- the geographic concentration of third-party manufacturing facilities and our distribution facilities in central Ohio;
- our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- the spin-off of Victoria’s Secret may not be tax-free for U.S. federal income tax purposes;
- fluctuations in foreign currency exchange rates;
- fluctuations in product input costs;
- fluctuations in energy costs;
- our ability to adequately protect our assets from loss and theft;
- claims arising from our self-insurance;
- our and our third-party service providers’ ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party and company information;
- stock price volatility;
- our ability to pay dividends and 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;

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

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this report to reflect circumstances existing after the date of this report or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in Item 1A. Risk Factors in our 2023 Annual Report on Form 10-K.

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

The following discussion and analysis of financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Accounting Standards Codification. The following information should be read in conjunction with our financial statements and the related notes included in Part I, Item 1. Financial Statements in this Quarterly Report on Form 10-Q.

Executive Overview

In the second quarter of 2024, consolidated Net Sales were $1.526 billion, which decreased $33 million, or 2.1%, compared to the second quarter of 2023. The decrease was driven by declines of $32 million and $4 million in our North American Direct and Stores channels, respectively, partially offset by a $3 million increase in our International business. Our second quarter Operating Income was $183 million, which decreased $5 million, or 3%, compared to the second quarter of 2023, and our Operating Income rate (expressed as a percentage of Net Sales) remained flat at 12.0%.

For additional information related to our second quarter 2024 financial performance, see "Results of Operations."

Cost Optimization

We are enhancing our operations and efficiency by targeting an aggregate of $280 million of planned annual cost savings across both Gross Profit and General, Administrative and Store Operating Expenses, which is up $30 million from our previous expectations. We delivered approximately $150 million of annual cost reductions as part of this initiative in fiscal 2023, and now expect approximately $130 million in additional annual cost savings in fiscal 2024. Our cost optimization work delivered approximately $40 million and $80 million in cost savings in the second quarter of and year-to-date 2024, respectively.

Outlook

As we look ahead to the remainder of the year, we anticipate continuing pressures given the first-half sales trends and the choppier macroeconomic environment. We are focused on executing with precision, continuing to bring newness to customers and demonstrating our strong value proposition across our product assortment. Our strategic priorities remain our core categories, supported by newness and innovation, and extending our reach through new category adjacencies, including men's, hair, lip, and laundry, and expansion of off-mall and international locations. We are continuing to invest in product and marketing to elevate value for our customers, and in foundational tools and systems enabling new capabilities that we believe will increase customer engagement and provide a more seamless and convenient shopping experience across channels. We also continue to focus on enhancing operational excellence and efficiency through the cost optimization discussed above, which will support our strategic priorities.

Adjusted Financial Information

In addition to our results provided in accordance with GAAP above and throughout this Quarterly Report on Form 10-Q, provided below are non-GAAP measures that present Net Income and Net Income Per Diluted Share for the second quarters of and year-to-date 2024 and 2023 on an adjusted basis to remove certain items. We believe that these items are not indicative of our operations due to their size and nature.

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

The table below reconciles our GAAP financial measures to our non-GAAP financial measures:

(in millions, except per share amounts)	Second Quarter 2024	Second Quarter 2023	Year-to-Date 2024	Year-to-Date 2023
Reconciliation of Reported Net Income to Adjusted Net Income				
Reported Net Income	$ 152	$ 99	$ 239	$ 180
Gain on Sales of Easton Investments (a)	(39)	—	(39)	—
Gain on Extinguishment of Debt (b)	—	(9)	—	(16)
Tax Effect of Adjustments included in Other Income	14	2	14	4
Tax Benefit from Valuation Allowance Release (c)	(44)	—	(44)	—
Adjusted Net Income	$ 83	$ 92	$ 170	$ 168
Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share				
Reported Net Income Per Diluted Share	$ 0.68	$ 0.43	$ 1.06	$ 0.78
Gain on Sales of Easton Investments (a)	(0.18)	—	(0.18)	—
Gain on Extinguishment of Debt (b)	—	(0.04)	—	(0.07)
Tax Effect of Adjustments included in Other Income	0.06	0.01	0.06	0.02
Tax Benefit from Valuation Allowance Release (c)	(0.20)	—	(0.19)	—
Adjusted Net Income Per Diluted Share	$ 0.37	$ 0.40	$ 0.76	$ 0.73

(a) In the second quarter of 2024, we sold our investments in Easton Town Center and Easton Gateway, resulting in an aggregate pre-tax gain of $39 million (after-tax gain of $25 million). For additional information, see Note 1, "Description of Business and Basis of Presentation" included in Part I, Item 1. Financial Statements.

(b) In the second quarter of and year-to-date 2023, we recognized pre-tax gains of $9 million (after-tax gain of $7 million) and $16 million (after-tax gain of $12 million), respectively, related to the repurchase and extinguishment of outstanding notes. For additional information, see Note 7, "Long-term Debt and Borrowing Facility" included in Part I, Item 1. Financial Statements.

(c) In the second quarter of 2024, we recognized a $44 million tax benefit related to the release of a valuation allowance on a deferred tax asset.

Company-operated Store Data

The following table compares Company-operated U.S. store data for the second quarters of and year-to-date 2024 and 2023:

	Second Quarter 2024	Second Quarter 2023	Second Quarter % Change	Year-to-Date 2024	Year-to-Date 2023	Year-to-Date % Change
Sales per Average Selling Square Foot (a)	$ 216	$ 225	(4 %)	$ 420	$ 432	(3 %)
Sales per Average Store (in thousands) (a)	$ 613	$ 630	(3 %)	$ 1,188	$ 1,205	(1 %)
Average Store Size (selling square feet)	2,833	2,804	1 %			
Total Selling Square Feet (in thousands)	4,989	4,805	4 %			

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

The following table represents Company-operated store data for year-to-date 2024:

	Stores February 3, 2024	Opened	Closed	Stores August 3, 2024
United States	1,739	40	(18)	1,761
Canada	111	—	—	111
Total	1,850	40	(18)	1,872

Partner-operated Store Data

The following table represents Partner-operated store data for year-to-date 2024:

	Stores February 3, 2024	Opened	Closed	Stores August 3, 2024
International	454	25	(13)	466
International - Travel Retail	31	—	—	31
Total International	485	25	(13)	497

Results of Operations

Second Quarter of 2024 Compared to Second Quarter of 2023

Net Sales

The following table provides Net Sales for the second quarter of 2024 in comparison to the second quarter of 2023:

	2024	2023	% Change
	(in millions)		
Stores - U.S. and Canada (a)	$ 1,140	$ 1,144	(0.3 %)
Direct - U.S. and Canada	297	329	(9.7 %)
International (b)	89	86	2.2 %
Total Net Sales	$ 1,526	$ 1,559	(2.1 %)

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

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

For the second quarter of 2024, Net Sales decreased $33 million, or 2.1%, to $1.526 billion, compared to the second quarter of 2023. Direct Net Sales decreased $32 million, or 9.7%, driven by a decline in fulfilled orders, which was primarily due to our customers continuing to select our BOPIS option (which is recognized as store Net Sales) and a decline in website traffic. Stores Net Sales decreased $4 million, or 0.3%, due to a decline in total transactions as we have seen our customers become increasingly cautious in their spending. International Net Sales increased $3 million, or 2.2%, driven by increased product shipments.

Gross Profit

For the second quarter of 2024, our Gross Profit increased $4 million to $626 million, and our Gross Profit rate (expressed as a percentage of Net Sales) increased to 41.0% from 39.9% in the second quarter of 2023. Gross Profit dollars increased primarily due to a 130 basis point increase in the merchandise margin rate and slightly lower Buying and Occupancy Expenses, partially offset by lower Net Sales.

Gross Profit rate increased due to the increase in the merchandise margin rate, driven by a decline in our average unit cost, due to cost saving initiatives partially offset by product reinvestments and category mix, and an increase in average unit retail, driven by category mix.

General, Administrative and Store Operating Expenses

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

	2024		2023		Change	
	(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales
Selling Expenses	$ 261	17.1 %	$ 253	16.2 %	$ 8	0.9 %
Home Office and Marketing Expenses	182	11.9 %	181	11.6 %	1	0.3 %
Total	$ 443	29.1 %	$ 434	27.8 %	$ 9	1.3 %

For the second quarter of 2024, our General, Administrative and Store Operating Expenses increased $9 million to $443 million, and the rate (expressed as a percentage of Net Sales) increased to 29.1% from 27.8% in the second quarter of 2023. Our Selling Expenses increased primarily due to increases in associate wages and store count, partially offset by the benefits of our cost optimization work. Increases in Marketing Expenses, primarily due to additional spend to drive customer acquisition, were nearly offset by decreases in Home Office Expenses, primarily due to discrete corporate expenses in the prior year.

The General, Administrative and Store Operating Expense rate increased primarily due to our investments in marketing and the increase in associate wages, partially offset by the benefits of our cost optimization work and lapping discrete corporate expenses in the prior year.

Other Income and Expenses

Interest Expense

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

	2024	2023
Average daily borrowings (in millions)	$ 4,258	$ 4,769
Average borrowing rate	7.3 %	7.3 %

For the second quarter of 2024, our Interest Expense was $77 million, compared to $86 million in the second quarter of 2023. The decrease was due to lower average daily borrowings, which were driven by the repurchase and early extinguishment of outstanding notes.

Other Income

For the second quarter of 2024, our Other Income was $47 million, compared to $25 million in the second quarter of 2023. The increase was primarily due a $39 million pre-tax gain on sales of certain Easton investments, partially offset by the recognition of a $2 million pre-tax loss on extinguishment of debt in the second quarter of 2024, compared to a $9 million pre-tax gain on the repurchase and early extinguishments of outstanding notes in the second quarter of 2023.

Provision for Income Taxes

For the second quarter of 2024, our effective tax rate was 0.9% compared to 21.9% in the second quarter of 2023. The 2024 second quarter rate was lower than our combined estimated federal and state statutory rates primarily due to the sales of Easton investments during the quarter, which resulted in the release of a valuation allowance on a deferred tax asset. The 2023 second quarter rate was lower than our combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the quarter.

Results of Operations

Year-to-Date 2024 Compared to Year-to-Date 2023

For year-to-date 2024, Operating Income increased $1 million to $370 million, from $369 million year-to-date 2023, and the Operating Income rate (expressed as a percentage of Net Sales) increased to 12.7% from 12.5%. The drivers of the year-to-date Operating Income results are discussed in the following sections.

Net Sales

The following table provides Net Sales for year-to-date 2024 in comparison to year-to-date 2023:

	2024	2023	% Change
	(in millions)		
Stores - U.S. and Canada (a)	$ 2,205	$ 2,177	1.3 %
Direct - U.S. and Canada	558	609	(8.4 %)
International (b)	147	169	(13.1 %)
Total Net Sales	$ 2,910	$ 2,955	(1.5 %)

(a) Results include fulfilled BOPIS orders.

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

For year-to-date 2024, Net Sales decreased $45 million, or 1.5%, to $2.910 billion, compared to year-to-date 2023. Direct Net Sales decreased $51 million, or 8.4%, driven by a decline in fulfilled orders, which was primarily due to our customers continuing to select our BOPIS option (which is recognized as store Net Sales) and a decline in website traffic. We completed our rollout of BOPIS capabilities to our U.S. stores in the first quarter of 2023. International Net Sales decreased $22 million, or 13.1%, driven by a decline in wholesale shipments to our franchise partners, primarily in the Middle East, as they continue to manage their inventory levels. Stores Net Sales increased $28 million, or 1.3%, primarily due to new store growth, an increase in BOPIS fulfilled orders, and the benefit of the shifted fiscal calendar, partially offset by the decline in average dollar sale as we have seen our customers become increasingly cautious in their spending.

For year-to-date 2024, total North American Net Sales benefited by approximately 100 basis points from the shifted fiscal calendar resulting from the 53rd week in fiscal 2023.

Gross Profit

For year-to-date 2024, our Gross Profit increased $15 million to $1.233 billion, and our Gross Profit rate (expressed as a percentage of Net Sales) increased to 42.4% from 41.2%. Gross Profit dollars increased primarily due to a 120 basis point increase in the merchandise margin rate and slightly lower Buying and Occupancy Expenses, partially offset by lower Net Sales.

Gross Profit rate increased due to the increase in the merchandise margin rate, driven by a decline in our average unit cost, due to cost saving initiatives partially offset by product reinvestments and category mix, and lower transportation costs.

General, Administrative and Store Operating Expenses

The following table provides detail for our General, Administrative and Store Operating Expenses for year-to-date 2024 compared to year-to-date 2023:

	2024		2023		Change	
	(in millions)	% of Net Sales	(in millions)	% of Net Sales	(in millions)	% of Net Sales
Selling Expenses	$ 508	17.5 %	$ 496	16.8 %	$ 12	0.7 %
Home Office and Marketing Expenses	355	12.2 %	353	11.9 %	2	0.2 %
Total	$ 863	29.6 %	$ 849	28.7 %	$ 14	0.9 %

For year-to-date 2024, our General, Administrative and Store Operating Expenses increased $14 million to $863 million, and the rate (expressed as a percentage of Net Sales) increased to 29.6% from 28.7%. Our Selling Expenses increased primarily due to increases in associate wages, BOPIS fees and store count, partially offset by the benefits of our cost optimization work. Increases in Marketing Expenses, primarily due to additional spend to drive customer acquisition, were nearly offset by decreases in Home Office Expenses, primarily due to discrete corporate expenses in the prior year.

The General, Administrative and Store Operating Expense rate increased primarily due to our investments in marketing and the increase in associate wages, partially offset by the benefits of our cost optimization work and lapping discrete corporate expenses in the prior year.

Other Income and Expenses

Interest Expense

The following table provides the average daily borrowings and average borrowing rates for year-to-date 2024 and 2023:

	2024	2023
Average daily borrowings (in millions)	$ 4,322	$ 4,832
Average borrowing rate	7.3 %	7.3 %

For year-to-date 2024, our Interest Expense was $159 million, compared to $175 million for year-to-date 2023. The decrease was due to lower average daily borrowings, which were driven by the repurchase and early extinguishment of outstanding notes.

Other Income

For year-to-date 2024, our Other Income was $61 million, compared to $45 million for year-to-date 2023. The increase was primarily due a $39 million pre-tax gain on sales of certain Easton investments, partially offset by the recognition of a $3 million pre-tax loss on extinguishment of debt for year-to-date 2024, compared to a $16 million pre-tax gain on the repurchase and early extinguishments of outstanding notes for year-to-date 2023.

Provision for Income Taxes

For year-to-date 2024, our effective tax rate was 12.1% compared to 24.7% for year-to-date 2023. The 2024 year-to-date rate was lower than our combined estimated federal and state statutory rates primarily due to the sales of Easton investments, which resulted in the release of a valuation allowance on a deferred tax asset. The 2023 year-to-date rate was lower than the Company’s combined estimated federal and state statutory rates primarily due to the resolution of certain tax matters during the period.

FINANCIAL CONDITION

Liquidity and Capital Resources

Liquidity, or access to cash, is an important factor in determining our financial stability. We are committed to maintaining adequate liquidity. Cash generated from our operating activities provides the primary resources to support current operations, growth initiatives, seasonal funding requirements, future common stock and debt repurchases, and capital expenditures. Our cash provided from operations is impacted by our net income and working capital changes. Our net income is impacted by, among other things, sales volume, seasonal sales patterns, success of new product introductions and product and market expansions, profit margins, income taxes and inflationary pressures. Our sales are highest during the fourth quarter of the fiscal year due to seasonal and holiday-related sales patterns. Generally, our need for working capital peaks during the summer and fall months as inventory builds in anticipation of the holiday period. Our cash and cash equivalents held by foreign subsidiaries were $124 million as of August 3, 2024.

We repurchased and extinguished $200 million principal amount of our outstanding senior notes for an aggregate price of $202 million during year-to-date 2024. Additionally, we repurchased 5.763 million shares of our common stock for $249 million during year-to-date 2024. We may, from time to time, repurchase, or otherwise retire, additional debt or shares of our common stock, as applicable.

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

Cash Flows

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

	2024	2023
	(in millions)	
Cash and Cash Equivalents, Beginning of Year	$ 1,084	$ 1,232
Net Cash Flows Provided by Operating Activities	30	77
Net Cash Flows Used for Investing Activities	(40)	(176)
Net Cash Flows Used for Financing Activities	(560)	(343)
Net Decrease in Cash and Cash Equivalents	(570)	(442)
Cash and Cash Equivalents, End of Period	$ 514	$ 790

Operating Activities

Net cash provided by operating activities for year-to-date 2024 was $30 million, including net income of $239 million. Net income included depreciation of $142 million, impacts to deferred income taxes of $102 million, an aggregate pre-tax gain on sales of certain Easton investments of $39 million, and share-based compensation expense of $22 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were the seasonal changes in Inventories, Income Taxes Payable, and Accounts Receivable, and the change in Accounts Payable, Accrued Expenses and Other.

Net cash provided by operating activities for year-to-date 2023 was $77 million, including net income of $180 million. Net income included depreciation of $129 million, share-based compensation expense of $18 million and pre-tax gains on extinguishment of debt of $16 million. Other changes in assets and liabilities represent items that had a current period cash flow impact, such as changes in working capital. The most significant items in working capital were the seasonal changes in Inventories, Income Taxes Payable and Accounts Receivable, and the change in Accounts Payable, Accrued Expenses and Other.

Investing Activities

Net cash used for investing activities for year-to-date 2024 was $40 million primarily related to capital expenditures of $101 million, partially offset by aggregate cash proceeds of $50 million related to the sales of certain Easton investments. The capital expenditures included approximately $75 million related to new, primarily off-mall, stores and remodels of existing stores, approximately $15 million for various IT projects primarily to support the growth and profitability of our business, and approximately $10 million related to distribution and logistics capabilities.

Net cash used for investing activities for year-to-date 2023 was $176 million, primarily related to capital expenditures. The capital expenditures included approximately $85 million related to new, off-mall stores and remodels of existing stores, approximately $55 million for various IT projects primarily supporting the separation of our IT systems from Victoria's Secret and approximately $30 million related to distribution and logistics capabilities.

In 2024, our top priority remains driving sustainable, long-term, profitable growth through investments in the business. To support this, we are now planning for a total of $250 million in capital expenditures during the year, and our priorities remain investments in brick-and-mortar stores and in technology. Our capital expenditures guidance is down from our previous range of $300 million to $325 million, largely driven by cost savings in our real estate build outs and timing of multiyear supply chain investments.

Financing Activities

Net cash used for financing activities for year-to-date 2024 was $560 million, primarily consisting of $248 million for share repurchases, $202 million for open market debt repurchases, dividend payments of $0.40 per share, or $90 million, and $15 million of tax payments related to share-based awards.

Net cash used for financing activities for year-to-date 2023 was $343 million, primarily consisting of $182 million for open market debt repurchases, dividend payments of $0.40 per share, or $92 million, $48 million for share repurchases and $9 million of tax payments related to share-based awards.

Common Stock and Debt Repurchases

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

Common Stock Repurchases

2022 Share Repurchase Program

In February 2022, our Board authorized a $1.5 billion share repurchase program (the “February 2022 Program”). Under the February 2022 Program, we repurchased the following shares of our common stock during year-to-date 2024 and 2023:

Repurchase Program	Shares Repurchased		Amount Repurchased		Average Stock Price	
	2024	2023	2024	2023	2024	2023
	(in thousands)		(in millions)			
February 2022	842	1,326	$ 39	$ 50	$ 46.08	$ 37.65

The February 2022 Program had no remaining authority as of May 4, 2024. There were share repurchases of $1 million reflected in Accounts Payable on the February 3, 2024 Consolidated Balance Sheet.

2024 Share Repurchase Program

In January 2024, our Board authorized a new $500 million share repurchase program (the “January 2024 Program”). Under the January 2024 Program, we repurchased the following shares of our common stock during year-to-date 2024:

Repurchase Program	Shares Repurchased	Amount Repurchased	Average Stock Price
	(in thousands)	(in millions)	
January 2024	4,921	$ 210	$ 42.72

The January 2024 Program had $290 million of remaining authority as of August 3, 2024. There were share repurchases of $2 million reflected in Accounts Payable on the August 3, 2024 Consolidated Balance Sheet.

Dividend Policy and Procedures

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

We paid the following dividends during the first and second quarters of 2024 and 2023:

	Ordinary Dividends (per share)	Total Paid (in millions)
2024		
First Quarter	$ 0.20	$ 45
Second Quarter	0.20	45
Total	$ 0.40	$ 90
2023		
First Quarter	$ 0.20	$ 46
Second Quarter	0.20	46
Total	$ 0.40	$ 92

In August 2024, we declared our third quarter 2024 ordinary dividend of $0.20 per share payable on September 6, 2024 to stockholders of record at the close of business on August 23, 2024.

Long-term Debt and Borrowing Facility

The following table provides our outstanding debt balances, net of unamortized debt issuance costs and discounts, as of August 3, 2024, February 3, 2024 and July 29, 2023:

	August 3, 2024	February 3, 2024	July 29, 2023
		(in millions)	
Senior Debt with Subsidiary Guarantee			
$314 million, 9.375% Fixed Interest Rate Notes due July 2025 (“2025 Notes”)	$ 313	$ 313	$ 312
$284 million, 6.694% Fixed Interest Rate Notes due January 2027 (“2027 Notes”)	275	287	285
$444 million, 5.250% Fixed Interest Rate Notes due February 2028 (“2028 Notes”)	443	460	498
$482 million, 7.500% Fixed Interest Rate Notes due June 2029 (“2029 Notes”)	475	492	491
$844 million, 6.625% Fixed Interest Rate Notes due October 2030 (“2030 Notes”)	838	930	984
$802 million, 6.875% Fixed Interest Rate Notes due November 2035 (“2035 Notes”)	796	806	933
$575 million, 6.750% Fixed Interest Rate Notes due July 2036 (“2036 Notes”)	571	608	612
Total Senior Debt with Subsidiary Guarantee	3,711	3,896	4,115
Senior Debt			
$284 million, 6.950% Fixed Interest Rate Debentures due March 2033 (“2033 Notes”)	283	293	340
$201 million, 7.600% Fixed Interest Rate Notes due July 2037 (“2037 Notes”)	200	199	213
Total Senior Debt	483	492	553
Total Debt	4,194	4,388	4,668
Current Debt	(313)	—	—
Total Long-term Debt, Net of Current Portion	$ 3,881	$ 4,388	$ 4,668

Repurchases of Notes

During the second quarter of and year-to-date 2024, we repurchased in the open market and extinguished $91 million and $200 million principal amounts of our outstanding senior notes, respectively. The aggregate repurchase price for these notes were $92 million and $202 million for the second quarter of and year-to-date 2024, respectively, resulting in pre-tax losses of $2 million and $3 million, including the write-off of unamortized issuance costs, during the second quarter of and year-to-date 2024, respectively. These losses are included in Other Income in the 2024 Consolidated Statements of Income.

During the second quarter of and year-to-date 2023, we repurchased in the open market and extinguished $115 million and $199 million principal amounts of our outstanding senior notes, respectively. The aggregate repurchase price for these notes were $106 million and $182 million for the second quarter of and year-to-date 2023, respectively, resulting in pre-tax gains of $9 million and $16 million, including the write-off of unamortized issuance costs, during the second quarter of and year-to-date 2023, respectively. These gains are included in Other Income in the 2023 Consolidated Statements of Income.

The following table provides details of the outstanding principal amounts of senior notes repurchased and extinguished during the second quarters of and year-to-date 2024 and 2023:

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
	(in millions)			
2025 Notes	$ —	$ —	$ —	$ 6
2027 Notes	14	—	14	—
2028 Notes	7	—	17	—
2029 Notes	10	—	17	—
2030 Notes	56	5	94	7
2033 Notes	—	6	10	9
2035 Notes	4	47	10	61
2036 Notes	—	26	38	83
2037 Notes	—	31	—	33
Total	$ 91	$ 115	$ 200	$ 199

Asset-backed Revolving Credit Facility

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

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 August 3, 2024, our borrowing base was $661 million, and we had no borrowings outstanding under the ABL Facility.

The ABL Facility supports our letter of credit program. We had $10 million of outstanding letters of credit as of August 3, 2024 that reduced our availability under the ABL Facility. As of August 3, 2024, our availability under the ABL Facility was $651 million.

As of August 3, 2024, the ABL Facility fees related to committed and unutilized amounts were 0.30% per annum, and the fees related to outstanding letters of credit were 1.25% per annum. In addition, the interest rate on outstanding U.S. dollar borrowings was the Term Secured Overnight Financing Rate plus 1.25% and a credit spread adjustment of 0.10% per annum.

The ABL Facility requires us to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00 during an event of default or any period commencing on any day when specified excess availability is less than the greater of (i) $70 million or (ii) 10% of the maximum borrowing amount. As of August 3, 2024, we were not required to maintain this ratio.

Credit Ratings

The following table provides our credit ratings as of August 3, 2024:

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

Guarantor Summarized Financial Information

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

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

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

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

SUMMARIZED BALANCE SHEETS	**August 3, 2024**	**February 3, 2024**
	(in millions)	
ASSETS		
Current Assets (a)	$ 2,013	$ 2,545
Noncurrent Assets	2,516	2,554
LIABILITIES		
Current Liabilities (b)	$ 2,712	$ 2,935
Noncurrent Liabilities	5,020	5,650

(a) Includes amounts due from non-Guarantor subsidiaries of $610 million and $622 million as of August 3, 2024 and February 3, 2024, respectively.

(b) Includes amounts due to non-Guarantor subsidiaries of $1.411 billion and $1.905 billion as of August 3, 2024 and February 3, 2024, respectively.

YEAR-TO-DATE 2024 SUMMARIZED STATEMENT OF INCOME	**(in millions)**
Net Sales (a)	$ 2,767
Gross Profit	1,140
Operating Income	333
Income Before Income Taxes	190
Net Income (b)	164

(a) Includes net sales of $71 million to non-Guarantor subsidiaries.

(b) Includes a net loss of $5 million related to transactions with non-Guarantor subsidiaries.

Contingent Liabilities and Contractual Obligations

Lease Guarantees

In connection with the spin-off of Victoria's Secret & Co. and the disposal of a certain other business, we had remaining contingent obligations of $253 million as of August 3, 2024 related to lease payments under the current terms of noncancelable leases, primarily related to office space, expiring at various dates through 2037. These obligations include minimum rent and additional payments covering taxes, common area costs and certain other expenses and relate to leases that commenced prior to the disposition of these businesses. Our reserves related to these obligations were not significant for any period presented.

Contractual Obligations

Our contractual obligations primarily consist of long-term debt and the related interest payments, operating leases, purchase orders for merchandise inventory and other long-term obligations. These contractual obligations impact our short-term and long-term liquidity and capital resource needs. Other than the repurchase of $200 million principal amounts of our outstanding senior notes during year-to-date 2024, there have been no material changes in our contractual obligations subsequent to February 3, 2024, as discussed in "Contingent Liabilities and Contractual Obligations" in our 2023 Annual Report on Form 10-K. Certain of our contractual obligations may fluctuate during the normal course of business (primarily changes in our merchandise inventory-related purchase obligations which fluctuate throughout the year as a result of the seasonal nature of our business).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures*, that expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance, and applies to companies with a single reportable segment. The standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting this standard on our disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, that requires enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and may be applied either prospectively or retrospectively. We are currently evaluating the impact of adopting this standard on our disclosures.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies related to estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its accounting policies, estimates and judgments, including those related to inventories, valuation of long-lived store assets, claims and contingencies, income taxes and revenue recognition, including revenue associated with our loyalty program. Management bases our estimates and judgments on historical experience and various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates.

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

Foreign Exchange Rate Risk

Our Canadian dollar denominated earnings are subject to exchange rate risk as substantially all our merchandise sold in Canada is sourced through U.S. dollar transactions. Although we utilize foreign currency forward contracts to partially offset risks associated with our operations in Canada, these measures may not succeed in offsetting all the short-term impact of foreign currency rate movements and generally may not be effective in offsetting the long-term impact of sustained shifts in foreign currency rates.

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

Interest Rate Risk

Our investment portfolio primarily consists of interest-bearing instruments that are classified as cash and cash equivalents based on their original maturities. Our investment portfolio is maintained in accordance with our investment policy, which specifies permitted types of investments, specifies credit quality standards and maturity profiles and limits credit exposure to any single issuer. The primary objectives of our investment activities are the preservation of principal, the maintenance of liquidity and the maximization of interest income while minimizing risk. Our investment portfolio is primarily composed of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and bank deposits. Given the short-term nature and quality of investments in our portfolio, we do not believe there is any material risk to principal associated with increases or decreases in interest rates.

All of our outstanding debt as of August 3, 2024 has fixed interest rates. We will from time to time adjust our exposure to interest rate risk by entering into interest rate swap arrangements. Our exposure to interest rate changes is limited to the fair value of the debt issued, which would not have a material impact on our earnings or cash flows.

Fair Value of Financial Instruments

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

	August 3, 2024	February 3, 2024	July 29, 2023
		(in millions)	
Principal Value	$ 4,230	$ 4,430	$ 4,716
Fair Value, Estimated (a)	4,241	4,456	4,510

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

As of August 3, 2024, we believe that the carrying values of our Accounts Receivable, Accounts Payable and Accrued Expenses approximate their fair values because of their short maturities.

Concentration of Credit Risk

We maintain cash and cash equivalents and derivative contracts with various major financial institutions. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. Our investment portfolio is primarily composed of U.S. government obligations, U.S. Treasury and AAA-rated money market funds, commercial paper and bank deposits. We also periodically review the relative credit standing of franchise, license and wholesale partners and other entities to which we grant credit terms in the normal course of business.

Item 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission ("SEC") rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Fair and Accurate Credit Transactions Act Cases

We were named as a defendant in two putative class actions: *Smidga, et al. v. Bath & Body Works, LLC* in the Allegheny County, Pennsylvania Court of Common Pleas and *Dahlin v. Bath & Body Works, LLC* in the Santa Barbara County, California Superior Court. The complaints each alleged that we violated the Fair and Accurate Credit Transactions Act by printing more than the last five digits of credit or debit card numbers on customers' receipts and, among other things, sought statutory damages, attorneys' fees and costs. We have reached an agreement with the plaintiffs in both of these cases that will resolve those matters, subject to court approval. The resolution of these claims is not expected to have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. RISK FACTORS

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

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

The following table provides the repurchases of our common stock during the second quarter of 2024:

Fiscal Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Programs (c)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Programs (c)
	(in thousands)		(in thousands)	
May 2024	641	$ 48.88	472	$ 416,694
June 2024	1,939	43.23	1,938	332,897
July 2024	1,192	36.46	1,182	289,797
Total	3,772		3,592	

(a) The total number of shares repurchased includes shares repurchased as part of publicly announced programs, with the remainder relating to shares in connection with tax payments due upon vesting of associate restricted share and performance share unit awards and the use of our stock to pay the exercise price on associate stock options.

(b) The average price paid per share includes any broker commissions.

(c) For additional share repurchase program information, see Note 3, "Net Income Per Share and Shareholders' Equity (Deficit)" included in Part I, Item 1. Financial Statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

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

Item 6. EXHIBITS

Exhibits	
3.1	Amended and Restated Bylaws of Bath & Body Works, Inc., effective June 27, 2024, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated June 27, 2024.
15	Letter regarding Unaudited Interim Financial Information regarding Incorporation of Report of Independent Registered Public Accounting Firm.
22	List of Guarantor Subsidiaries.
31.1	Section 302 Certification of CEO.
31.2	Section 302 Certification of CFO.
32	Section 906 Certification (by CEO and CFO).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
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).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BATH & BODY WORKS, INC.
(Registrant)
By: /s/ EVA C. BORATTO
Eva C. Boratto
Chief Financial Officer *

Date: August 28, 2024

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

Exhibit 15

August 28, 2024

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

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

(1) Registration Statement (Form S-3 ASR No. 333-263720) of Bath & Body Works, Inc.,
(2) Registration Statement (Form S-8 No. 333-265379) pertaining to the Bath & Body Works, Inc. Associate Stock Purchase Plan,
(3) Registration Statement (Form S-8 No. 333-251226) 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 report dated August 28, 2024 relating to the unaudited consolidated interim financial statements of Bath & Body Works, Inc. that are included in its Form 10-Q for the quarter ended August 3, 2024.

/s/ Ernst & Young LLP

Grandview Heights, Ohio

Exhibit 22

List of Guarantor Subsidiaries

The 2025 Notes, 2027 Notes, 2028 Notes, 2029 Notes, 2030 Notes, 2035 Notes and 2036 Notes are jointly and severally guaranteed on a full and unconditional basis by Bath & Body Works, Inc. (incorporated in Delaware) and the following 100% owned subsidiaries of Bath & Body Works, Inc. as of August 3, 2024:

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

Exhibit 31.1

Section 302 Certification

I, Gina R. Boswell, certify that:

1. I have reviewed this report on Form 10-Q of Bath & Body Works, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GINA R. BOSWELL

Gina R. Boswell
Chief Executive Officer

Date: August 28, 2024

Exhibit 31.2

Section 302 Certification

I, Eva C. Boratto, certify that:

1. I have reviewed this report on Form 10-Q of Bath & Body Works, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ EVA C. BORATTO

Eva C. Boratto
Chief Financial Officer

Date: August 28, 2024

Exhibit 32

Section 906 Certification

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

(i) the Quarterly Report of the Company on Form 10-Q dated August 28, 2024 for the period ending August 3, 2024 (the "Form 10-Q"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GINA R. BOSWELL
Gina R. Boswell
Chief Executive Officer

/s/ EVA C. BORATTO
Eva C. Boratto
Chief Financial Officer

Date: August 28, 2024