

Fourth Quarter Earnings

March 5, 2025

VS&Co
VICTORIA'S SECRET & CO.



Forward Looking Statements

- Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995
- We caution that any forward-looking statements (as such term is defined in the U.S. Private Securities Litigation Reform Act of 1995) contained in this presentation or made by us, our management, or our spokespeople 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, and any future performance or financial results expressed or implied by such forward-looking statements are not guarantees of future performance. Forward-looking statements include, without limitation, statements regarding our future operating results, the implementation and impact of our strategic plans, and our ability to meet environmental, social, and governance goals. Words such as “estimate,” “commit,” “will,” “target,” “goal,” “project,” “plan,” “believe,” “seek,” “strive,” “expect,” “anticipate,” “intend,” “continue,” “potential” and any similar expressions are intended to identify forward-looking statements. Risks associated with the following factors, among others, could affect our results of operations and financial performance and cause actual results to differ materially from those expressed or implied in any forward-looking statements:
 - general economic conditions, inflation and changes in consumer confidence, and consumer spending patterns;
 - 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;
 - uncertainty in the global trade environment, including the imposition or threatened imposition of tariffs or other trade restrictions;
 - our ability to successfully implement our strategic plan;
 - difficulties arising from changes and turnover in company leadership or other key positions;
 - our ability to attract, develop and retain qualified associates and manage labor-related costs;
 - our dependence on traffic to our stores and the availability of suitable store locations on satisfactory terms;
 - our ability to successfully operate and expand internationally and related risks;
 - the operations and performance of our franchisees, licensees, wholesalers and joint venture partners;
 - our ability to successfully operate and grow our direct channel business;
 - our ability to protect our reputation and the image and value of our brands;
 - our ability to attract customers with marketing, advertising and promotional programs;
 - the highly competitive nature of the retail industry and the segments in which we operate;
 - consumer acceptance of our products and our ability to manage the life cycle of our brands, remain current with fashion trends, and develop and launch new merchandise, product lines and brands successfully;
 - our ability to integrate acquired businesses and realize the benefits and synergies sought with such acquisitions;
 - our ability to incorporate artificial intelligence into our business operations successfully and ethically while effectively managing the associated risks;
 - our ability to source materials and produce, distribute and sell merchandise on a global basis, including risks related to:
 - political instability and geopolitical conflicts;
 - environmental hazards and natural disasters;
 - significant health hazards and pandemics;
 - delays or disruptions in shipping and transportation and related pricing impacts; and
 - disruption due to labor disputes;
 - our geographic concentration of production and distribution facilities in central Ohio and Southeast Asia;
 - the ability of our vendors to manufacture and deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
 - fluctuations in freight, product input and energy costs;
 - our and our third-party service providers’ ability to implement and maintain information technology systems and to protect associated data and system availability;
 - our ability to maintain the security of customer, associate, third-party and company information;
 - stock price volatility;
 - shareholder activism matters;
 - our ability to maintain our credit rating;
 - our ability to comply with regulatory requirements; and
 - legal, tax, trade and other regulatory matters.
- Except as may be required by law, we assume no obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this presentation to reflect circumstances existing after the date of this presentation or to reflect the occurrence of future events, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in “Item 1A. Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 22, 2024.

Adjusted¹ Consolidated Statements of Income

Thirteen Weeks Ended February 1, 2025 & Fourteen Weeks Ended February 3, 2024
(Unaudited – In millions except per share amounts)

	2024	2023	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$2,105.5	\$2,082.5	\$23.0	1%
Comparable Store Sales	3%	(8%)		
Comparable Sales	5%	(6%)		
Gross Profit	835.0	833.0	2.0	0%
% of Sales	39.7%	40.0%	(30 bps)	
General, Administrative and Store Operating Expenses	535.7	549.6	(13.9)	(3%)
% of Sales	25.4%	26.4%	(100 bps)	
Operating Income	299.3	283.4	15.9	6%
% of Sales	14.2%	13.6%	60 bps	
Interest Expense and Other	22.2	24.5	(2.3)	(9%)
Income Before Income Taxes	277.1	258.9	18.2	7%
Provision for Income Taxes	60.2	52.9	7.3	14%
% of Pre-Tax Income	21.7%	20.4%		
Net Income	216.9	206.0	10.9	5%
% of Sales	10.3%	9.9%	40 bps	
Less: Net Income Attributable to Noncontrolling Interest	0.5	2.4	(1.9)	(79%)
Net Income Attributable to Victoria's Secret & Co.	\$216.4	\$203.6	\$12.8	6%
% of Sales	10.3%	9.8%	50 bps	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$2.60	\$2.58	\$0.02	1%
Weighted Average Shares Outstanding	83.1	78.9		

¹ 2024 and 2023 results are on an adjusted basis. These results include the cumulative adjustment resulting in an increase of approximately \$26 million to net sales and operating income in the fourth quarter of 2024 related to the gift card breakage change in accounting estimate.

Refer to Non-GAAP Financial Information table in the Appendix for additional information including a reconciliation to the most directly comparable GAAP financial measure.



Adjusted¹ Consolidated Statements of Income

Fifty-Two Weeks Ended February 1, 2025 & Fifty-Three Weeks Ended February 3, 2024
(Unaudited – In millions except per share amounts)

	2024	2023	Increase (Decrease)	% Increase (Decrease)
Net Sales	\$6,229.6	\$6,181.8	\$47.8	1%
Comparable Store Sales	(2%)	(11%)		
Comparable Sales	0%	(9%)		
Gross Profit	2,306.0	2,274.4	31.6	1%
% of Sales	37.0%	36.8%	20 bps	
General, Administrative and Store Operating Expenses	1,932.9	1,947.5	(14.6)	(1%)
% of Sales	31.0%	31.5%	(50 bps)	
Operating Income	373.1	326.9	46.2	14%
% of Sales	6.0%	5.3%	70 bps	
Interest Expense and Other	83.6	93.7	(10.1)	(11%)
Income Before Income Taxes	289.5	233.2	56.3	24%
Provision for Income Taxes	68.5	48.5	20.0	41%
% of Pre-Tax Income	23.7%	20.8%		
Net Income	221.0	184.7	36.3	20%
% of Sales	3.5%	3.0%	50 bps	
Less: Net Income Attributable to Noncontrolling Interest	3.5	6.6	(3.1)	(47%)
Net Income Attributable to Victoria's Secret & Co.	\$217.5	\$178.1	\$39.4	22%
% of Sales	3.5%	2.9%	60 bps	
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$2.69	\$2.27	\$0.42	19%
Weighted Average Shares Outstanding	80.7	78.6		

¹ 2024 and 2023 results are on an adjusted basis. These results include the cumulative adjustment resulting in an increase of approximately \$26 million to net sales and operating income in the fourth quarter of 2024 related to the gift card breakage change in accounting estimate.

Refer to Non-GAAP Financial Information table in the Appendix for additional information including a reconciliation to the most directly comparable GAAP financial measure.

Consolidated Balance Sheets

(Unaudited – In thousands)

	February 1, 2025	February 3, 2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$226,591	\$269,645
Accounts Receivable, Net	159,192	152,174
Inventories	954,630	985,093
Other	100,808	126,229
Total Current Assets	1,441,221	1,533,141
Property and Equipment, Net	774,057	842,665
Operating Lease Assets	1,481,127	1,351,344
Goodwill	366,960	366,960
Trade Names	280,220	284,460
Other Intangible Assets, Net	95,205	116,102
Deferred Income Taxes	22,373	19,912
Other Assets	70,424	85,742
TOTAL ASSETS	\$4,531,587	\$4,600,326
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$418,944	\$512,287
Accrued Expenses and Other	633,563	810,407
Current Debt	4,024	4,070
Current Operating Lease Liabilities	286,541	267,018
Income Taxes	31,943	19,881
Total Current Liabilities	1,375,015	1,613,663
Deferred Income Taxes	11,298	36,978
Long-Term Debt	973,197	1,119,749
Long-Term Operating Lease Liabilities	1,434,264	1,311,815
Other Long-Term Liabilities	74,555	80,353
Victoria's Secret & Co. Shareholders' Equity	639,472	417,251
Noncontrolling Interest	23,786	20,517
TOTAL LIABILITIES AND EQUITY	\$4,531,587	\$4,600,326



2025 Outlook

(As of March 5, 2025)

	First Quarter	Full Year
Net Sales	Approximately \$1.30 billion to \$1.33 billion	Approximately \$6.2 billion to \$6.3 billion
Adjusted Gross Margin Rate	Approximately 36.5%, compared to 2024 rate of 36.9%	-
Adjusted SG&A Expense Rate	Approximately 34.5% to 35.5%, compared to 2024 rate of 34.0%	-
Adjusted Operating Income	Approximately \$10 million to \$30 million	Approximately \$300 million to \$350 million
Adjusted Net Non-Operating Expense	Approximately \$17 million	Approximately \$70 million
Adjusted Tax Rate / Expense (before discrete items)	Approximately \$0 to \$5 million	Approximately 24% to 25%
Weighted Average Diluted Shares Outstanding	Approximately 84 million	Approximately 84 million
Adjusted Net Income (Loss) Per Diluted Share Attributable to VS&Co	Approximately (\$0.10) to \$0.10	Approximately \$2.00 to \$2.45
Capital Expenditures	-	Approximately \$240 million
Adjusted Free Cash Flow ¹	-	Approximately \$180 million to \$220 million

¹ Refer to Non-GAAP Financial Information table in the Appendix for additional information.



Store Count & Selling Sq Ft – 2024 Actuals

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Company-Operated							
U.S.							
Store Count	808	16	(42)	48	782	(26)	(3%)
Selling Sq Ft (in thousands)	5,542	77	(184)	(37)	5,398	(144)	(3%)
Canada							
Store Count	23	1	-	1	24	1	4%
Selling Sq Ft (in thousands)	212	4	-	(6)	210	(2)	(1%)
Subtotal Company-Operated							
Store Count	831	17	(42)	49	806	(25)	(3%)
Selling Sq Ft (in thousands)	5,754	81	(184)	(43)	5,608	(146)	(3%)
China Joint Venture							
Beauty & Accessories Store Count	34	3	(7)	-	30	(4)	(12%)
Full Assortment Store Count	36	4	-	-	40	4	11%
Subtotal China Joint Venture Store Count	70	7	(7)	-	70	-	-
Partner-Operated							
Beauty & Accessories Store Count	307	30	(13)	-	324	17	6%
Full Assortment Store Count	156	30	(5)	-	181	25	16%
Subtotal Partner-Operated Store Count	463	60	(18)	-	505	42	9%
Adore Me							
Store Count	6	-	-	-	6	-	-
Selling Sq Ft (in thousands)	23	-	-	-	23	-	-
Total Store Count	1,370	84	(67)	-	1,387	17	1%

Store Count & Selling Sq Ft – 2025 Forecast

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Company-Operated							
U.S.							
Store Count	782	14 to 16	(28 to 36)	58	760 to 770	(22 to 12)	(3%) to (2%)
Selling Sq Ft 000's	5,398	81 to 90	(123 to 195)	(28)	5,256 to 5,337	(142 to 61)	(3%) to (1%)
Canada							
Store Count	24	1	(1)	5	24	-	-
Selling Sq Ft 000's	210	5	(3)	(1)	211	1	0%
Subtotal Company-Operated							
Store Count	806	15 to 17	(29 to 37)	63	784 to 794	(22 to 12)	(3%) to (1%)
Selling Sq Ft 000's	5,608	86 to 95	(126 to 198)	(29)	5,467 to 5,548	(141 to 60)	(3%) to (1%)
China Joint Venture							
Beauty & Accessories Store Count	30	-	(0 to 3)	-	27 to 30	(3) to 0	(10%) to 0%
Full Assortment Store Count	40	3 to 5	-	-	43 to 45	3 to 5	8% to 13%
Subtotal China Joint Venture Store Count	70	3 to 5	(0 to 3)	-	70 to 75	0 to 5	0% to 7%
Partner-Operated							
Beauty & Accessories Store Count	324	25 to 35	(10 to 14)	-	335 to 349	11 to 25	3% to 8%
Full Assortment Store Count	181	32 to 40	(5 to 8)	-	205 to 216	24 to 35	13% to 19%
Subtotal Partner-Operated Store Count	505	57 to 75	(15 to 22)	-	540 to 565	35 to 60	7% to 12%
Adore Me							
Store Count	6	-	-	-	6	-	-
Selling Sq Ft 000's	23	-	-	-	23	-	-
Total Store Count	1,387	75 to 97	(44 to 62)	-	1,400 to 1,440	13 to 53	1% to 4%

Appendix



Consolidated Statements of Income

Thirteen Weeks Ended February 1, 2025 & Fourteen Weeks Ended February 3, 2024
(Unaudited – In thousands except per share amounts)

	2024	2023
Net Sales	\$2,105,501	\$2,082,452
Costs of Goods Sold, Buying and Occupancy	(1,292,068)	(1,256,611)
Gross Profit	813,433	825,841
General, Administrative and Store Operating Expenses	(545,747)	(567,475)
Operating Income	267,686	258,366
Interest Expense	(20,147)	(26,586)
Other Income (Loss)	(3,258)	956
Income Before Income Taxes	244,281	232,736
Provision for Income Taxes	50,363	49,200
Net Income	193,918	183,536
Less: Net Income Attributable to Noncontrolling Interest	506	2,449
Net Income Attributable to Victoria's Secret & Co.	\$193,412	\$181,087
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$2.33	\$2.29
Weighted Average Shares Outstanding	83,148	78,909



Consolidated Statements of Income

Fifty-Two Weeks Ended February 1, 2025 & Fifty-Three Weeks Ended February 3, 2024
(Unaudited – In thousands except per share amounts)

	2024	2023
Net Sales	\$6,229,560	\$6,181,790
Costs of Goods Sold, Buying and Occupancy	(3,945,159)	(3,939,607)
Gross Profit	2,284,401	2,242,183
General, Administrative and Store Operating Expenses	(1,974,800)	(1,996,617)
Operating Income	309,601	245,566
Interest Expense	(85,678)	(99,363)
Other Income (Loss)	(2,920)	1,184
Income Before Income Taxes	221,003	147,387
Provision for Income Taxes	52,178	31,582
Net Income	168,825	115,805
Less: Net Income Attributable to Noncontrolling Interest	3,481	6,605
Net Income Attributable to Victoria's Secret & Co.	\$165,344	\$109,200
Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$2.05	\$1.39
Weighted Average Shares Outstanding	80,726	78,554



Selected Data

Thirteen Weeks Ended February 1, 2025 & Fourteen Weeks Ended February 3, 2024
(Unaudited – In thousands)

Capital Expenditures	2024	2023
First Quarter	\$38,521	\$54,851
Second Quarter	60,772	89,105
Spring Season	\$99,293	\$143,956
Third Quarter	50,537	79,630
Fourth Quarter	27,716	32,100
Year	\$177,546	\$255,686

Depreciation & Amortization ¹	2024	2023
First Quarter	\$65,250	\$72,555
Second Quarter	63,386	72,654
Spring Season	\$128,636	\$145,209
Third Quarter	63,231	70,341
Fourth Quarter	66,221	68,815
Year	\$258,088	\$284,365

¹ Fourth quarter of both 2024 and 2023 include \$6.3 million of intangible asset amortization expense related to the acquisition of Adore Me. Year-to-date of both 2024 and 2023 include \$25.1 million of intangible asset amortization expense related to the acquisition of Adore Me.



Non-GAAP Financial Information

Fifty-Two Weeks Ending January 31, 2026 Forecast & February 1, 2025
(Unaudited – In millions)

In addition to our results provided in accordance with GAAP, this presentation provides non-GAAP financial measures that present operating income, net income (loss) attributable to Victoria's Secret & Co. and net income (loss) per diluted share attributable to Victoria's Secret & Co. on an adjusted basis, which remove certain non-recurring, infrequent or unusual items that we believe are not indicative of the results of our ongoing operations due to their size and nature. The intangible asset amortization excluded from these non-GAAP financial measures is excluded because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised. We use adjusted financial information as key performance measures of our results of operations for the purpose of evaluating performance internally. These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Instead, we believe that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. Further, our definition of non-GAAP financial measures may differ from similarly titled measures used by other companies. The below tables reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure.

	2025 (Forecast)	2024 (Actual)
Free Cash Flow ¹		
Net Cash Provided by Operating Activities	\$420 to \$460	\$425
Capital Expenditures	Approximately (\$240)	(\$178)
Free Cash Flow ¹	\$180 to \$220	\$247
Payments related to Acquisition of Adore Me	-	\$39
Adjusted Free Cash Flow ¹	\$180 to \$220	\$286

¹ - Free cash flow is defined as operating cash flow less capital expenditures. Adjusted free cash flow removes certain cash payments related to the Adore Me acquisition that are contingent upon the achievement of specified strategic objectives as defined in the Merger Agreement. We made payments of \$200 million in fiscal year 2024, of which \$39 million were included in "operating" cash flow and \$161 million in "financing" cash flow. For additional information related to contingent payments associated with the acquisition, refer to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 22, 2024.



Non-GAAP Financial Information

(Unaudited – In thousands except per share amounts)

	Fourth Quarter		Year-to-Date	
	2024	2023	2024	2023
Reconciliation of Reported to Adjusted Gross Profit				
Reported Gross Profit - GAAP	\$813,433	\$825,841	\$2,284,401	\$2,242,183
% Net Sales	38.6%	39.7%	36.7%	36.3%
Adore Me Acquisition-related Items (a)	-	7,162	-	28,897
Equity Method Investment Impairment (c)	21,614	-	21,614	-
Restructuring Charges (d)	-	-	-	3,276
Adjusted Gross Profit	\$835,047	\$833,003	\$2,306,015	\$2,274,356
% Net Sales	39.7%	40.0%	37.0%	36.8%
Reconciliation of Reported to Adjusted General, Administrative and Store Operating Expenses				
Reported General, Administrative and Store Operating Expenses - GAAP	\$545,747	\$567,475	\$1,974,800	\$1,996,617
% Net Sales	25.9%	27.3%	31.7%	32.3%
Adore Me Acquisition-related Items (a)	(3,714)	(11,613)	(4,238)	(16,139)
Amortization of Intangible Assets (b)	(6,284)	(6,284)	(25,136)	(25,136)
Restructuring Charges (d)	-	-	(12,548)	(7,849)
Adjusted General, Administrative and Store Operating Expenses	\$535,749	\$549,578	\$1,932,878	\$1,947,493
% Net Sales	25.4%	26.4%	31.0%	31.5%
Reconciliation of Reported to Adjusted Operating Income				
Reported Operating Income - GAAP	\$267,686	\$258,366	\$309,601	\$245,566
% Net Sales	12.7%	12.4%	5.0%	4.0%
Adore Me Acquisition-related Items (a)	3,714	18,775	4,238	45,036
Amortization of Intangible Assets (b)	6,284	6,284	25,136	25,136
Equity Method Investment Impairment (c)	21,614	-	21,614	-
Restructuring Charges (d)	-	-	12,548	11,125
Adjusted Operating Income	\$299,298	\$283,425	\$373,137	\$326,863
% Net Sales	14.2%	13.6%	6.0%	5.3%
Reconciliation of Reported to Adjusted Net Income Attributable to Victoria's Secret & Co.				
Reported Net Income Attributable to Victoria's Secret & Co. - GAAP	\$193,412	\$181,087	\$165,344	\$109,200
Adore Me Acquisition-related Items (a)	4,944	19,954	9,244	49,500
Amortization of Intangible Assets (b)	6,284	6,284	25,136	25,136
Equity Method Investment Impairment (c)	21,614	-	21,614	-
Restructuring Charges (d)	-	-	12,548	11,125
Tax Effect of Adjusted Items	(9,826)	(3,745)	(16,359)	(16,879)
Adjusted Net Income Attributable to Victoria's Secret & Co.	\$216,428	\$203,580	\$217,527	\$178,082
Reconciliation of Reported to Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.				
Reported Net Income Per Diluted Share Attributable to Victoria's Secret & Co. - GAAP	\$2.33	\$2.29	\$2.05	\$1.39
Adore Me Acquisition-related Items (a)	0.02	0.23	0.08	0.53
Amortization of Intangible Assets (b)	0.06	0.06	0.23	0.24
Equity Method Investment Impairment (c)	0.20	-	0.21	-
Restructuring Charges (d)	-	-	0.13	0.11
Adjusted Net Income Per Diluted Share Attributable to Victoria's Secret & Co.	\$2.60	\$2.58	\$2.69	\$2.27

Refer to the following page for details regarding the certain items excluded in the adjusted results.



Non-GAAP Financial Information

(Unaudited)

Adjusted results exclude the following items:

- (a) In the fourth quarter of 2024 and 2023, we recognized pre-tax expense of \$4.9 million and \$20.0 million (\$1.5 million and \$17.9 million net of tax expense of \$3.4 million and \$2.1 million, respectively) related to the financial impact of purchase accounting items related to the acquisition of Adore Me. These items include expense of \$3.7 million and \$11.6 million, respectively, in general, administrative and store operating expense and interest expense of \$1.2 million and \$1.2 million, respectively. Additionally, expense of \$7.2 million is in costs of goods sold in the fourth quarter of 2023. Year-to-date 2024 and 2023, we recognized pre-tax expense of \$9.2 million and \$49.5 million (\$6.1 million and \$41.9 million net of tax expense of \$3.1 million and \$7.6 million, respectively) related to the financial impact of purchase accounting items related to the acquisition of Adore Me. These items include expense of \$4.2 million and \$16.1 million, respectively, in general, administrative and store operating expense and interest expense of \$5.0 million and \$4.5 million, respectively. Additionally, expense of \$28.9 million is in costs of goods sold year-to-date 2023.
- (b) In both the fourth quarter of 2024 and 2023, we recognized amortization expense of \$6.3 million (\$4.6 million net of tax of \$1.7 million) in general, administrative and store operating expense related to the acquisition of Adore Me. Year-to-date in both 2024 and 2023, we recognized amortization expense of \$25.1 million (\$18.6 million net of tax of \$6.5 million) in general, administrative and store operating expense related to the acquisition of Adore Me.
- (c) In the fourth quarter of 2024, we recognized pre-tax expense of \$21.6 million (\$16.9 million net of tax expense of \$4.7 million) in costs of goods sold related to impairment and other charges for certain of our equity method investments.
- (d) In the third quarter of 2024, we recognized a pre-tax charge of \$12.5 million (\$10.6 million net of tax expense of \$1.9 million) in general, administrative and store operating expense related to the appointment of a new CEO and the elimination of two executive officer roles to restructure our executive leadership team. In the first quarter of 2023, we recognized a pre-tax charge of \$11.1 million (\$8.4 million net of tax expense of \$2.7 million), \$7.8 million in general, administrative and store operating expense and \$3.3 million in buying and occupancy expense, related to restructuring activities to reorganize and improve our organizational structure.

Forecasted adjusted operating income and adjusted net income (loss) per diluted share for the first quarter and full year 2025 exclude the financial impact of purchase accounting items related to the Adore Me acquisition, including expense (income) related to changes in the estimated fair value of contingent consideration and performance-based payments, as well as the amortization of intangible assets. The Company is not able to provide a reconciliation of forward-looking adjusted operating income or adjusted net income (loss) per diluted share to the most directly comparable forward-looking GAAP financial measures because the Company is unable to provide a meaningful or accurate reconciliation or estimation of certain reconciling items without unreasonable effort, due to the inherent difficulty in forecasting the timing of, and quantifying, the various purchase accounting items that are necessary for such reconciliation.

“International system-wide retail sales” means the sales of merchandise sold through stores and digital channels operated by our partners under franchise, license, wholesale and joint venture arrangements. While international system-wide retail sales are not recorded as net sales in our financial statements, management believes the information is important in understanding our financial performance because these sales are the basis on which we calculate and record certain net sales for our International business and are indicative of the financial health of our franchise, license, wholesale and joint venture partners and the prospects for growth of our International business.

