

**BBWI SECOND QUARTER AND FULL YEAR 2022 GUIDANCE UPDATE**  
**JULY 20, 2022**

- Bath & Body Works is providing this additional commentary related to its press release today updating second quarter and full year 2022 guidance.
- Any forward-looking statements contained in this commentary are subject to the safe harbor statement found in our press release today and in our SEC filings.

**Business Update:**

- Since we reported our first quarter 2022 financial results, we have continued to monitor external conditions and shifting consumer buying patterns. Our business continues to perform at levels significantly above 2019, although we are navigating a challenging macroeconomic environment with inflationary pressures affecting our customers and our business. Our team has continued to execute well, and we have taken, and continue to take, actions to remain agile in the current environment.
- As we progressed through the second quarter, we experienced declines in traffic trends compared to the first quarter of 2022. Our customer continues to respond to our merchandise and our shopping experience in stores and online. However, our data indicates that customers, particularly lower income customers, have become more cost conscious and are limiting purchases and/or seeking out lower-priced sale merchandise as they are being impacted by the overall inflationary environment. As a reminder, the company's customer base is generally in line with the U.S. population across income levels.
- We quickly read and reacted to the changing business trends and increased our promotional activity, including through our Semi-Annual Sale. Our increases in promotional activity negatively impacted our gross margin compared to our prior expectations. Importantly, however, we anticipate that we will be able to end the season with a clean and balanced inventory position that we believe sets us up solidly heading into the back half of the year.

Our vertically integrated and predominantly domestic supply chain provides us with agility, mitigates supply chain and inventory risk, and allows us to chase winners.

- We see the opportunity to take advantage of the dynamic business environment and better position ourselves to capture new opportunities and drive future growth – and we are doing both. We are taking rigorous and meaningful actions to improve profitability. Our efforts include revisiting promotions and pricing as well as product costing to improve merchandise margin. We are also pursuing aggressive options to reduce costs and combat inflationary pressures, including driving continued operating efficiencies and reducing expenses across the business.
- At the same time, our team remains highly focused on innovation and delivering products that our customers love, and our customer continues to respond to newness in our assortment. In the second week of July, we launched our new Poppy floorset, which also includes our notable Fall scents, with positive initial customer reaction. Our product pipeline continues to be full and we are maintaining our pace of launching new fragrances and products every 4 to 6 weeks.
- In July, we also hosted an online event for loyalty customers that provided early access to our Halloween assortment. We listened to our customers who told us they wanted to see this holiday merchandise early and we leveraged our differentiated speed and agility to accelerate this event for them. Customer feedback was positive and we were pleased with the new enrollment in our loyalty program in order to gain access to the event.
- We are looking forward to the rollout of our loyalty program throughout the U.S., which we accelerated to August. Our loyalty members have higher spend and retention rates than our average customer, and we expect that the program will deepen our relationships with our customers, enabling us to drive sales and customer retention over the long-term. Equally as important, we believe that, over time, our loyalty program will further increase data-driven analytics and marketing, which will support personalized communications and offers.

**Second Quarter and Full Year Guidance Update:**

- As a result of the business trends referenced above, we currently expect total second quarter sales to decline six to seven percent compared to 2021 but to be approximately forty percent higher than 2019.
- We expect our second quarter gross margin rate to be approximately 40 percent, which is down significantly compared to last year. We currently expect that second quarter earnings from continuing operations per diluted share will be \$0.40 to \$0.42 versus our previous guidance of \$0.60 to \$0.65.
- Our full year forecast takes into consideration expected second quarter performance and assumes a continuation of the business trends experienced to date in the second quarter. As compared to our prior guidance, this reflects an increased level of promotion as well as the sales decline adversely impacting our margins. As stated, management is actively reviewing all aspects of the business, including expenses, to improve profitability.
- We are currently estimating full year 2022 sales to be down mid to high single digits as compared to 2021 but to continue to be up almost forty percent compared to 2019. We are currently estimating full year 2022 operating income rate as a percentage of sales to be in the mid-teens. The company will provide further details regarding its full year 2022 outlook, including an update regarding expectations for full year earnings from continuing operations per diluted share, when it reports second quarter earnings.
- Bath & Body Works has not yet completed its second quarter and final second quarter 2022 financial results may differ from the statements made herein. The company plans to report final second quarter 2022 results on Aug. 17, 2022 and hold its second quarter 2022 earnings call on Aug. 18, 2022.
- Thank you for your continuing interest in Bath & Body Works.