

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
**(Unaudited)**

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 31, 2020	% of Net Sales	November 2, 2019	% of Net Sales
Net sales	\$ 819,653	100.0 %	\$ 863,472	100.0 %
Cost of sales, exclusive of depreciation and amortization	295,220	36.0 %	344,541	39.9 %
Gross profit	524,433	64.0 %	518,931	60.1 %
Stores and distribution expense	346,263	42.2 %	377,697	43.7 %
Marketing, general and administrative expense	121,000	14.8 %	114,075	13.2 %
Flagship store exit (benefits) charges	(8,063)	(1.0)%	285	0.0 %
Asset impairment, exclusive of flagship store exit charges	6,329	0.8 %	12,610	1.5 %
Other operating loss (income), net	288	0.0 %	(215)	0.0 %
Operating income	58,616	7.2 %	14,479	1.7 %
Interest expense, net	8,808	1.1 %	2,922	0.3 %
Income before income taxes	49,808	6.1 %	11,557	1.3 %
Income tax expense	5,779	0.7 %	3,987	0.5 %
Net income	44,029	5.4 %	7,570	0.9 %
Less: Net income attributable to noncontrolling interests	1,758	0.2 %	1,047	0.1 %
Net income attributable to Abercrombie & Fitch Co.	<u>\$ 42,271</u>	5.2 %	<u>\$ 6,523</u>	0.8 %

Net income per share attributable to Abercrombie & Fitch Co.:

Basic	\$ 0.68	\$ 0.10
Diluted	\$ 0.66	\$ 0.10

Weighted-average shares outstanding:

Basic	62,558	63,099
Diluted	63,877	63,911

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Statements of Operations**  
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**(Unaudited)**

	Thirty-nine Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2020	% of Net Sales	November 2, 2019	% of Net Sales
Net sales	\$ 2,003,340	100.0 %	\$ 2,438,522	100.0 %
Cost of sales, exclusive of depreciation and amortization	791,154	39.5 %	976,868	40.1 %
Gross profit	1,212,186	60.5 %	1,461,654	59.9 %
Stores and distribution expense	978,757	48.9 %	1,110,656	45.5 %
Marketing, general and administrative expense	326,509	16.3 %	341,716	14.0 %
Flagship store exit (benefits) charges	(12,490)	(0.6)%	47,023	1.9 %
Asset impairment, exclusive of flagship store exit charges	57,340	2.9 %	14,987	0.6 %
Other operating income, net	(1,562)	(0.1)%	(465)	0.0 %
Operating loss	(136,368)	(6.8)%	(52,263)	(2.1)%
Interest expense, net	19,277	1.0 %	4,908	0.2 %
Loss before income taxes	(155,645)	(7.8)%	(57,171)	(2.3)%
Income tax expense (benefit)	38,565	1.9 %	(16,931)	(0.7)%
Net loss	(194,210)	(9.7)%	(40,240)	(1.7)%
Less: Net income attributable to noncontrolling interests	2,203	0.1 %	3,534	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (196,413)</u>	(9.8)%	<u>\$ (43,774)</u>	(1.8)%

Net loss per share attributable to Abercrombie & Fitch Co.:

Basic	\$ (3.14)	\$ (0.67)
Diluted	\$ (3.14)	\$ (0.67)

Weighted-average shares outstanding:

Basic	62,541	64,932
Diluted	62,541	64,932

## Reporting and Use of GAAP and Non-GAAP Measures

The company believes that each of the non-GAAP financial measures presented are useful to investors as they provide a measure of the company's operating performance excluding the effect of certain items which the company believes do not reflect its future operating outlook, such as certain asset impairment charges related to the company's flagship stores and significant impairments primarily attributable to the COVID-19 pandemic, therefore supplementing investors' understanding of comparability of operations across periods. Management used these non-GAAP financial measures during the periods presented to assess the company's performance and to develop expectations for future operating performance. Non-GAAP financial measures should be used supplemental to, and not as an alternative to, the company's GAAP financial results, and may not be calculated in the same manner as similar measures presented by other companies.

In addition, at times the company provides comparable sales, defined as the percentage year-over-year change in the aggregate of: (1) sales for stores that have been open as the same brand at least one year and whose square footage has not been expanded or reduced by more than 20% within the past year, with prior year's net sales converted at the current year's foreign currency exchange rate to remove the impact of foreign currency rate fluctuation, and (2) direct-to-consumer sales with prior year's net sales converted at the current year's foreign currency exchange rate to remove the impact of foreign currency rate fluctuation.

The company also provides certain financial information on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance, by removing the impact of foreign currency exchange rate fluctuations. The effect from foreign currency, calculated on a constant currency basis, is determined by applying current year average exchange rates to prior year results and is net of the year-over-year impact from hedging. The per diluted share effect from foreign currency is calculated using a 26% tax rate.

At times, the company may also refer to certain non-GAAP store-level metrics, including 4-wall operating margins. Store-level 4-wall operating margins exclude certain components of the company's results of operations, including but not limited to, amounts related to marketing, depreciation and amortization related to home-office and IT assets, distribution center expense, direct-to-consumer expense, and other corporate overhead expenses that are considered normal operating costs as well as all asset impairment and flagship store exit charges. This measure also excludes certain product costs related to direct-to-consumer, wholesale, licensing and franchise operations as well as variances from estimated freight and import costs, and provisions for inventory shrink and lower of cost or net realizable value. In addition, this metric excludes revenue other than store sales and does not include gift card breakage. As such, store-level 4-wall operating margins is not indicative of the overall results of the company and does not accrue directly to the benefit of shareholders because of these exclusions. The company provides store-level 4-wall operating margins on occasion because it believes that it provides a meaningful supplement to the company's operating results.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended October 31, 2020**  
**(in thousands, except per share data)**  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges <sup>(2)</sup>	\$ 6,329	\$ 6,329	\$ —
Operating income	58,616	(6,329)	64,945
Income before income taxes	49,808	(6,329)	56,137
Income tax expense <sup>(3)</sup>	5,779	(369)	6,148
Net income attributable to Abercrombie & Fitch Co.	\$ 42,271	\$ (5,960)	\$ 48,231
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.66	\$ (0.09)	\$ 0.76
Diluted weighted-average shares outstanding:	63,877		63,877

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded items consist of pre-tax store asset impairment charges of \$6.3 million, which are principally the result of the impact of COVID-19 on store cash flows.

<sup>(3)</sup> The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended November 2, 2019**  
(in thousands, except per share data)  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges <sup>(2)</sup>	\$ 12,610	10,468	\$ 2,142
Operating income	14,479	(10,468)	24,947
Income before income taxes	11,557	(10,468)	22,025
Income tax expense <sup>(3)</sup>	3,987	(2,485)	6,472
Net income attributable to Abercrombie & Fitch Co.	\$ 6,523	\$ (7,983)	\$ 14,506
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.10	\$ (0.12)	\$ 0.23
Diluted weighted-average shares outstanding:	63,911		63,911

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded items consist of pre-tax store asset impairment charges of \$10.5 million related to certain of the company's international Abercrombie & Fitch flagship stores.

<sup>(3)</sup> The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirty-nine Weeks Ended October 31, 2020**  
(in thousands, except per share data)  
(Unaudited)

	GAAP <sup>(1)</sup>	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges <sup>(2)</sup>	\$ 57,340	\$ 57,340	\$ —
Operating loss	(136,368)	(57,340)	(79,028)
Loss before income taxes	(155,645)	(57,340)	(98,305)
Income tax expense <sup>(3)</sup>	38,565	(3,635)	42,200
Net loss attributable to Abercrombie & Fitch Co.	\$ (196,413)	\$ (53,705)	\$ (142,708)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (3.14)	\$ (0.86)	\$ (2.28)
Diluted weighted-average shares outstanding:	62,541		62,541

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded items consist of pre-tax store asset impairment charges of \$57.3 million which are principally the result of the impact of COVID-19 on store cash flows.

<sup>(3)</sup> The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirty-nine Weeks Ended November 2, 2019**  
(in thousands, except per share data)  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges <sup>(2)</sup>	\$ 14,987	10,468	\$ 4,519
Operating loss	(52,263)	(10,468)	(41,795)
Loss before income taxes	(57,171)	(10,468)	(46,703)
Income tax benefit <sup>(3)</sup>	(16,931)	(2,485)	(14,446)
Net loss attributable to Abercrombie & Fitch Co.	\$ (43,774)	\$ (7,983)	\$ (35,791)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.67)	\$ (0.12)	\$ (0.55)
Diluted weighted-average shares outstanding:	64,932		64,932

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded items consist of pre-tax store asset impairment charges of \$10.5 million related to certain of the company's international Abercrombie & Fitch flagship stores.

<sup>(3)</sup> The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Reconciliation of Constant Currency Financial Measures**  
**Thirteen Weeks Ended October 31, 2020**  
(in thousands, except percentage and basis point changes and per share data)  
(Unaudited)

	2020	2019	% Change
<b>Net sales</b>			
GAAP <sup>(1)</sup>	\$ 819,653	\$ 863,472	(5)%
Benefit from changes in foreign currency exchange rates <sup>(2)</sup>	—	11,896	(1)%
Non-GAAP constant currency basis	\$ 819,653	\$ 875,368	(6)%
<b>Gross profit</b>			
	2020	2019	BPS Change <sup>(3)</sup>
GAAP <sup>(1)</sup>	\$ 524,433	\$ 518,931	390
Benefit from changes in foreign currency exchange rates <sup>(2)</sup>	—	14,779	(90)
Non-GAAP constant currency basis	\$ 524,433	\$ 533,710	300
<b>Operating income</b>			
	2020	2019	BPS Change <sup>(3)</sup>
GAAP <sup>(1)</sup>	\$ 58,616	\$ 14,479	550
Excluded items <sup>(4)</sup>	(6,329)	(10,468)	40
Adjusted non-GAAP	\$ 64,945	\$ 24,947	500
Benefit from changes in foreign currency exchange rates <sup>(2)</sup>	—	7,410	(80)
Adjusted non-GAAP constant currency basis	\$ 64,945	\$ 32,357	420
<b>Net income per diluted share attributable to Abercrombie &amp; Fitch Co.</b>			
	2020	2019	\$ Change
GAAP <sup>(1)</sup>	\$ 0.66	\$ 0.10	\$0.56
Excluded items, net of tax <sup>(4)</sup>	(0.09)	(0.12)	0.03
Adjusted non-GAAP	\$ 0.76	\$ 0.23	\$0.53
Benefit from changes in foreign currency exchange rates <sup>(2)</sup>	—	0.15	(0.15)
Adjusted non-GAAP constant currency basis	\$ 0.76	\$ 0.37	\$0.39

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> The estimated impact from foreign currency is determined by applying current period exchange rates to prior year results and is net of the year-over-year impact from hedging. The per diluted share estimated impact from foreign currency is calculated using a 26% tax rate.

<sup>(3)</sup> The estimated basis point change has been rounded based on the percentage change.

<sup>(4)</sup> Excluded items this year consist of pre-tax store asset impairment charges of \$6.3 million, which are principally the result of the impact of COVID-19 on store cash flows. Excluded items last year consist of pre-tax store asset impairment charges of \$10.5 million related to certain of the company's international Abercrombie & Fitch flagship stores.

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(Unaudited)

	October 31, 2020	February 1, 2020	November 2, 2019
<b>Assets</b>			
Current assets:			
Cash and equivalents	\$ 812,881	\$ 671,267	\$ 410,775
Receivables	89,074	80,251	92,736
Inventories	545,548	434,326	590,883
Other current assets	73,776	78,905	86,275
<b>Total current assets</b>	<b>1,521,279</b>	<b>1,264,749</b>	<b>1,180,669</b>
Property and equipment, net	593,932	665,290	665,862
Operating lease right-of-use assets	955,781	1,230,954	1,223,512
Other assets	205,970	388,672	415,962
<b>Total assets</b>	<b>\$ 3,276,962</b>	<b>\$ 3,549,665</b>	<b>\$ 3,486,005</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 334,775	\$ 219,919	\$ 269,578
Accrued expenses	356,370	302,214	269,334
Short-term portion of operating lease liabilities	255,775	282,829	284,694
Income taxes payable	6,663	10,392	13,728
<b>Total current liabilities</b>	<b>953,583</b>	<b>815,354</b>	<b>837,334</b>
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 1,010,051	\$ 1,252,634	\$ 1,234,502
Long-term borrowings, net	343,559	231,963	241,343
Other liabilities	110,965	178,536	178,460
<b>Total long-term liabilities</b>	<b>1,464,575</b>	<b>1,663,133</b>	<b>1,654,305</b>
Total Abercrombie & Fitch Co. stockholders' equity	849,379	1,058,810	983,512
Noncontrolling interests	9,425	12,368	10,854
<b>Total stockholders' equity</b>	<b>858,804</b>	<b>1,071,178</b>	<b>994,366</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,276,962</b>	<b>\$ 3,549,665</b>	<b>\$ 3,486,005</b>

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands, except per share data)  
(Unaudited)

	Thirty-nine Weeks Ended	
	October 31, 2020	November 2, 2019
<b>Operating activities</b>		
Net cash provided by (used for) operating activities	\$ 158,894	\$ (33,839)
<b>Investing activities</b>		
Purchases of property and equipment	\$ (91,748)	\$ (154,373)
Net cash used for investing activities	\$ (91,748)	\$ (154,373)
<b>Financing activities</b>		
Proceeds from issuance of senior secured notes	\$ 350,000	\$ —
Proceeds from borrowings under the asset-based senior secured credit facility	210,000	—
Repayment of term loan facility borrowings	(233,250)	(10,000)
Repayment of borrowings under the asset-based senior secured credit facility	(210,000)	—
Payment of debt issuance costs and fees	(7,151)	—
Purchases of common stock	(15,172)	(63,542)
Dividends paid	(12,556)	(38,959)
Other financing activities	(11,742)	(10,407)
Net cash provided by (used for) financing activities	\$ 70,129	\$ (122,908)
Effect of foreign currency exchange rates on cash	\$ 2,269	\$ (2,686)
Net increase (decrease) in cash and equivalents, and restricted cash and equivalents	\$ 139,544	\$ (313,806)
Cash and equivalents, and restricted cash and equivalents, beginning of period	\$ 692,264	\$ 745,829
Cash and equivalents, and restricted cash and equivalents, end of period	<u>\$ 831,808</u>	<u>\$ 432,023</u>

**Abercrombie & Fitch Co.  
Store Count**

**Thirteen Weeks Ended October 31, 2020**

	Hollister <sup>(1)</sup>		Abercrombie <sup>(2)</sup>		Total	
	United States	International	United States	International	United States	International
August 1, 2020	386	155	253	56	639	211
New	1	—	2	—	3	—
Permanently closed	(1)	(1)	—	(2)	(1)	(3)
<b>October 31, 2020</b>	<b>386</b>	<b>154</b>	<b>255</b>	<b>54</b>	<b>641</b>	<b>208</b>

**Thirty-nine Weeks Ended October 31, 2020**

	Hollister <sup>(1)</sup>		Abercrombie <sup>(2)</sup>		Total	
	United States	International	United States	International	United States	International
February 1, 2020	391	155	256	52	647	207
New	2	2	4	4	6	6
Permanently closed	(7)	(3)	(5)	(2)	(12)	(5)
<b>October 31, 2020</b>	<b>386</b>	<b>154</b>	<b>255</b>	<b>54</b>	<b>641</b>	<b>208</b>

<sup>(1)</sup> Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes nine international franchise stores as of each of October 31, 2020, August 1, 2020 and February 1, 2020, respectively. Excludes 15 Company-operated temporary stores as of each of October 31, 2020 and August 1, 2020, and 16 Company-operated temporary stores as of February 1, 2020.

<sup>(2)</sup> Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands. Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes eight international franchise stores as of each of October 31, 2020 and August 1, 2020, and seven international franchise stores as of February 1, 2020. Excludes five, six, and eight Company-operated temporary stores as of October 31, 2020, August 1, 2020, and February 1, 2020 respectively.