## Abercrombie \&Fitch Co.



## Abercrombie \& Fitch Co.

INVESTOR PRESENTATION: FIRST QUARTER 2021


## SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

A\&F cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation or made by management or spokespeople of A\&F involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify forward-looking statements. Except as may be required by applicable law, we assume no obligation to publicly update or revise our forward-looking statements. Risks and uncertainties related to the duration and impact of the COVID-19 pandemic on the Company and the factors disclosed in "ITEM 1A. RISK FACTORS" of A\&F's Annual Report on Form 10-K for the fiscal year ended January 30, 2021, in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results for the 2021 fiscal year and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this presentation or otherwise made by management.

## OTHER INFORMATION

The following presentation includes certain adjusted non-GAAP financial measures. Additional details about non-GAAP financial measures and a reconciliation of GAAP financial measures to non-GAAP financial measures is included in the news release issued by the company on May 26, 2021 which is available in the "Investors" section of the company's website, located at corporate.abercrombie.com. As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America. As used in the presentation, "Hollister" refers to the company's Hollister and Gilly Hicks brands and "Abercrombie" refers to the company's Abercrombie \& Fitch and abercrombie kids brands. Sub-totals and totals may not foot due to rounding. Net income (loss) and net income (loss) per share financial measures included herein are attributable to Abercrombie \& Fitch Co., excluding net income attributable to noncontrolling interests.

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## OUR FIVE GLOBAL BRANDS

## HOLLISTER



The quintessential apparel brand of the global teen consumer, Hollister Co. believes in liberating the spirit of an endless summer inside everyone. At Hollister, summer isn't just a season, it's a state of mind. Hollister creates carefree style designed to make all teens feel celebrated and comfortable in their own skin, so they can live in a summer mindset all year long, whatever the season.

## ABERCROMBIE \& FITCH



Abercrombie \& Fitch believes that every day should feel as exceptional as the start of the long weekend. Since 1892, the brand has been a specialty retailer of quality apparel, outerwear and fragrance - designed to inspire our global customers to feel confident, be comfortable and face their Fierce.

## GILLY HICKS



Hollister also carries an intimates brand, Gilly Hicks, which offers intimates, loungewear and sleepwear. Its products are designed to invite everyone to embrace who they are underneath it all.

ABERCROMBIE KIDS


A global specialty retailer of quality, comfortable, made-to-play favorites, abercrombie kids sees the world through kids' eyes, where play is life and every day is an opportunity to be anything and better everything.

## SOCIAL TOURIST



Social Tourist is the creative vision of Hollister, the teen brand liberating the spirit of an endless summer, and social media personalities Dixie and Charli
D'Amelio. The lifestyle brand creates trend forward apparel that allows teens to experiment with their style, while exploring the duality of who they are both on social media and in real life.

## GLOBAL, DIGITALLY-LED OMNICHANNEL RETAILER

THE COMPANY'S PRODUCTS ARE SOLD GLOBALLY, PRIMARILY THROUGH ITS COMPANY-OWNED DIGITAL AND STORE CHANNELS, AS WELL AS THROUGH VARIOUS THIRD-PARTY ARRANGEMENTS

## 54\% <br> 731

OF FISCAL 2020 NET SALES WERE DERIVED DIGITALLY

COMPANY-OPERATED RETAIL STORES

COUNTRIES WITH SHIP-FROM-STORE \& 10 WITH PURCHASE-ONLINE-PICK-UP-IN-STORE CAPABILITIES

INTERNATIONAL THIRD-PARTY OPERATED STORES

GLOBAL BRANDS, INCLUDING SOCIAL TOURIST WHICH LAUNCHED ON MAY 20, 2021

## 32\%

OF FISCAL 2020 NET SALES WERE DERIVED INTERNATIONALLY

110
CAPABILITY TO SHIP TO OVER 110 COUNTRIES

WHOLESALE PARTNERSHIPS, PRIMARILY INTERNATIONAL


## OUR PREVIOUSLY-STATED TRANSFORMATION INITIATIVES

## THE FOLLOWING TRANSFORMATION INITIATIVES HAVE CREATED THE FOUNDATION TO ALLOW US TO QUICKLY RESPOND TO COVID-19 AND FOCUS ON LONG-TERM SUSTAINABLE GROWTH:

OPTIMIZING OUR GLOBAL STORE NETWORK

- Rightsizing store fleet and adapting to the evolving role of the store as customers' shopping preferences shift

2 ENHANCING DIGITAL AND OMNICHANNEL CAPABILITIES

- Creating best-in-class customer experiences while growing profitably across channels

3 INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE

- Investing in capabilities to position supply chain for greater speed, agility and flexibility
- Utilizing data and analytics to offer the right product at the right time and the right price
- Leveraging data, including our loyalty programs, to engage with customers across channels
- Driving more efficient and effective marketing spend

ACCELERATING DIGITAL, DATA AND TECHNOLOGY INVESTMENTS TO INCREASE AGILITY AND IMPROVE CUSTOMER EXPERIENCE

## INCREASING OUR MARKETING INVESTMENTS TO BUILD ON THE MOMENTUM WE SEE ACROSS BRANDS AND GEOGRAPHIES

## DEDICATING RESOURCES TOWARDS CONTINUING GILLY HICKS GROWTH AND LAUNCHING SOCIAL TOURIST

OPTIMIZING SQUARE FOOTAGE WHILE BEING OPPORTUNISTIC IN GLOBAL STORE EXPANSION

INTEGRATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES AND STANDARDS THROUGHOUT THE ORGANIZATION

## LAUNCH OF NEW BRAND "SOCIAL TOURIST"

THE COMPANY RECENTLY ANNOUNCED THAT SOCIAL MEDIA STARS, DIXIE AND CHARLI D'AMELIO, EXPANDED THEIR RELATIONSHIP WITH HOLLISTER TO CO-CREATE A TREND-FORWARD GLOBAL APPAREL BRAND

## AN EXCLUSIVE, MULTI-YEAR APPAREL AGREEMENT between the company and the d'amelios

ANNOUNCED: May 6, 2021
LAUNCHED: May 20, 2021
AVAILABLE AT: Hollister stores globally and online at www.socialtourist.com

FEATURES FOUR DISTINCT APPAREL LINES: Genderinclusive items, trend pieces such as dresses and skirts, everyday essentials featuring premium basics, and swim

EACH COLLECTION WILL INCLUDE: Limited edition items, with new product dropping approximately every month

## HOW WE ARE NAVIGATING COVID-19

## FOCUSING ON THE WELL-BEING OF ASSOCIATES AND CUSTOMERS

- Implemented a range of health and safety measures with the well-being of the Company's customers, associates and business partners in mind, including, but not limited to temporary store closures, reduced store hours, enhanced cleaning and social distancing measures


## OPTIMIZING DIGITAL OPERATIONS

- Following recommended cleaning and distancing measures in the company's distribution centers to continue digital operations and mitigate shipping delays
- Focusing on a seamless digital checkout experience for customers
- Continuing to offer Purchase-Online-Pickup-in-Store, including curbside pickup at a majority of U.S. locations.
- Working cross-functionally and utilizing Ship-from-Store capabilities to best leverage in-store inventory
- Offered flexible return dates as stores reopened and extended our return policy to cover the period of store closures


## CONSERVATIVELY MANAGING CASH FLOWS IN THE NEAR-TERM GIVEN CONTINUED GLOBAL UNCERTAINTY AND TEMPORARY STORE CLOSURES

- Partnering with merchandise and non-merchandise vendors in regards to payment terms
- Reevaluating budgeted expenses to better align operating costs with expected sales
- Tightly managing inventories
- Continuing suspension of the company's dividend program
- Assessing government policy and economic stimulus responses to COVID-19



## DIGITALLY-LED GLOBAL RETAILER

## INVESTMENTS IN DIGITAL AND OMNICHANNEL CAPABILITIES OF \$150M+

FISCAL 2017 - FISCAL 2020

EXPECTED DIGITAL AND OMNICHANNEL INVESTMENTS FOR THE YEAR OF \$50M+

FISCAL 2021

## FISCAL 2017

Digital sales penetration of

$$
28 \%,<\$ 1.0 B
$$

FISCAL 2020*
Digital sales penetration of
54\%, \$1.7B+


## GLOBAL STORE NETWORK OPTIMIZATION

## ROUGHLY HALF OF GLOBAL STORE FLEET IN UPDATED FORMATS \& GROSS SQUARE FOOTAGE REDUCED 23\% SINCE 2017



## GLOBAL STORE NETWORK OPTIMIZATION

## $90 \%$ OF U.S. STORES LOCATED IN A/B MALLS

YTD STORE OPTIMIZATION ACTIVITY

|  | HOLLISTER | ABERCROMBIE | TOTAL |
| :--- | :---: | :---: | :---: |
| NEW STORES | 3 | 1 | 4 |
| REMODELS | - | - | - |
| RIGHT-SIZES | 1 | - | 1 |
| NEW EXPERIENCES | 4 | 1 | 5 |
| PERMANENT CLOSURES | $(1)$ | $(7)$ | (8) |

## FLAGSHIP STORE CLOSURES/ LEASE EXPIRATIONS



Q1 2021 U.S. STORE FLEET *

|  | A MALL | B MALL | C MALL | FLAGSHIPS | TOTAL |
| :--- | :---: | :---: | :---: | :---: | :---: |
| \# OF STORES | 236 | 246 | 49 | 2 | 533 |
| \% OF U.S. FLEET | $44 \%$ | $46 \%$ | $9 \%$ | $-\%$ | $100 \%$ |

${ }^{(1)}$ Includes the A\&F Singapore location, which closed in the first quarter of 2021, as well as the A\&F 5th Avenue, New York City and A\&F Hamburg, Germany locations.
(2) Includes the A\&F Amsterdam, Netherlands and the A\&F Shanghai, China locations.
(3) Includes the Hollister 5th Avenue, New York City and the A\&F Ginza, Japan locations.

## GLOBAL STORE NETWORK OPTIMIZATION

## 731 STORES AS OF Q1 2021

## NEW STORE OPENINGS \& CLOSINGS

| TOTAL COMPANY ${ }^{(1)}$ | TOTAL | UNITED STATES | CANADA | EUROPE | ASIA | MIDDLE EAST |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| END OF Q4 2020 | 735 | 537 | 17 | 123 | 46 | 12 |
| OPENINGS | 4 | 2 | - | 1 | 1 | - |
| PERMANENT CLOSINGS | $(8)$ | $(6)$ | - | $(1)$ | $(1)$ | - |
| END OF Q1 2021 | 731 | 533 | 17 | 123 | 46 | 12 |
| HOLLISTER ${ }^{(2)}$ | TOTAL | UNITED STATES | CANADA | EUROPE | ASIA | MIDDLE EAST |
| END OF Q4 2020 | 497 | 347 | 10 | 107 | 27 | 6 |
| OPENINGS | 3 | 2 | - | - | 1 | - |
| PERMANENT CLOSINGS | $(1)$ | - | - | $(1)$ | - | - |
| END OF Q1 2021 | 499 | 349 | 10 | 106 | 28 | 6 |
| ABERCROMBIE ${ }^{(3)}$ | TOTAL | UNITED STATES | CANADA | EUROPE | ASIA | MIDDLE EAST |
| END OF Q4 2020 | 238 | 190 | 7 | 16 | 19 | 6 |
| OPENINGS | 1 | - | - | 1 | - | - |
| PERMANENT CLOSINGS | $(7)$ | $(6)$ | - | - | 17 | 18 |
| END OF Q1 2021 | 232 | 184 | 7 | 17 | 6 |  |

## GROSS SQUARE FOOTAGE

|  | HOLLISTER |  | ABERCROMBIE |  | TOTAL COMPANY |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (in thousands) | U.S. | INTERNATIONAL | U.S. | INTERNATIONAL | U.S. | INTERNATIONAL | TOTAL |
| Q4 2020 | 2,309 | 1,219 | 1,311 | 393 | 3,620 | 1,612 | 5,232 |
| Q1 2021 | 2,324 | 1,212 | 1,275 | 378 | 3,599 | 1,590 | 5,189 |

Store count excludes one international third-party operated multi-brand outlet store as of each of May 1, 2021 and January 30, 2021.
 of May 1, 2021 and nine January 30, 2021. Excludes 12 Company-operated temporary stores as of each of May 1, 2021 and January $30,2021$.
${ }^{(3)}$ 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 12 international franchise stores as of May 1, 2021 and 10 international franchise stores as of January 30, 2021. Excludes four Company-operated temporary stores as of May 1 , 2021 and two Company-operated temporary stores as of January 30, 2021.


## Q1 2021 RESULTS CEO COMMENTARY

"2021 is off to a strong start. We built on the significant progress we made in 2020, registering our best first quarter operating income since 2008. The first quarter is evidence that our shift to a digitally-led global business model is working. Total net sales grew $61 \%$ year-over-year, with digital sales up $45 \%$ to $52 \%$ of total sales. Inventories remained tightly controlled and product resonated with both new and existing customers, fueling improved price realization and benefiting gross margin rate, which expanded by 900 basis points. We remained focused on funding key investments in customer-facing initiatives and delivered significant first quarter operating leverage."
"Results were well-ahead of first quarter 2019 pre-COVID levels, with net sales 6\% higher, including up $18 \%$ in our largest market, the U.S., gross margin expansion of 290 basis points and operating margin increasing 1,100 basis points. Sales growth was achieved despite the reduction of 1.3 million gross square feet of store space, or $20 \%$, compared to the first quarter of 2019."
"Momentum has continued into the second quarter across brands, and early reaction to our newest member of the A\&F Co. family, Social Tourist, has been amazing. Our solid foundation and strong liquidity position enables us to be on the offense. We remain focused on profitable topline growth, our ongoing digital evolution and our growth vehicles, including Gilly Hicks, and are committed to thoughtful expense management and global square footage optimization. Although the global landscape remains uncertain, I am excited about the future and more confident than ever in our ability to drive sustainable, long-term operating margin expansion."

FRAN HOROWITZ, CHIEF EXECUTIVE OFFICER

## Q1 2021 RESULTS

## NET INCOME (LOSS) PER SHARE

## SIGNIFICANT ITEMS IMPACTING Q1 2021 RESULTS

- Net sales increased $61 \%$, or $\$ 296 \mathrm{M}$, as compared to last year, reflecting an increase in both store and digital sales as the company anniversaries prior year COVID-19 related store closures.
- Store occupancy expense decreased $\$ 32 \mathrm{M}$, reflecting a decrease in store count and favorable rent negotiations.
- Store payroll expense increased $\$ 13 \mathrm{M}$, reflecting the return of certain expenses saved last year during COVID-19 temporary store closures.
- Shipping and fulfillment expense increased $\$ 9 \mathrm{M}$ as compared to last year, driven by year-over-year digital sales growth of approximately $45 \%$.
- Asset impairment charges of $\$ 3 \mathrm{M}$ and $\$ 43 \mathrm{M}$ for this year and last year, respectively.

|  | Q1 2021 | Q1 2020 |
| :--- | ---: | ---: |
| GAAP | $\$ 0.64$ | $\$(3.90)$ |
| EXCLUDED ITEMS, NET OF TAX EFFECT ${ }^{(1)}$ | $(0.03)$ | $(0.62)$ |
| ADJUSTED NON-GAAP | $\$ 0.67$ | $\$(3.29)$ |
| IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES ${ }^{(2)}$ | - | $(0.01)$ |
| ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS | $\$ 0.67$ | $\$(3.30)$ |

${ }^{(1)}$ Adjusted non-GAAP results exclude the effect of certain items set out of page 31.
${ }^{(2)}$ The estimated impact from foreign currency is calculated by applying current period exchange rates to prior year results using a $26 \%$ tax rate.

## TOTAL COMPANY NET SALES UP 61\% AND 6\% COMPARED TO Q1 2020 AND Q1 2019, RESPECTIVELY, TO \$781M

DIGITAL SALES UP 45\% AND 81\% TO LAST YEAR AND 2019, RESPECTIVELY, RESULTING IN Q1 2021 DIGITAL SALES OF \$403M, OR 52\% OF TOTAL NET SALES
HOLLISTER
$\$ 442 \mathrm{M}$
UP $62 \%$ TO LAST YEAR
56.6\% OF TOTAL NET SALES

| UNITED STATES | EMEA |
| :---: | :---: |
| $\$ 554 \mathrm{M}$ | $\$ 159 \mathrm{M}$ |
| UP 72\% TO LAST YEAR | UP $41 \%$ TO LAST YEAR |
| $70.9 \%$ OF TOTAL NET SALES | 20.3\% OF TOTAL NET SALES |


| APAC | OTHER |
| :---: | :---: |
| $\$ 46 \mathrm{M}$ | $\$ 23 \mathrm{M}$ |
| UP 42\% TO LAST YEAR | UP $29 \%$ TO LAST YEAR |
| $5.9 \%$ OF TOTAL NET SALES | 2.9\% OF TOTAL NET SALES |

## OPERATING EXPENSE

GAAP

| (in thousands) | Q1 2021 | $\begin{gathered} \% \text { OF } \\ \text { NET SALES } \end{gathered}$ | Q1 2020 | $\begin{gathered} \% \text { OF } \\ \text { NET SALES } \end{gathered}$ | $\triangle \mathrm{BPS}^{(3)}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| STORE OCCUPANCY ${ }^{(1)}$ | \$107,277 | 13.7\% | \$138,962 | 28.6\% | $(1,490)$ |
| ALL OTHER ${ }^{(2)}$ | 209,331 | 26.8\% | 183,162 | 37.7\% | $(1,090)$ |
| STORES AND DISTRIBUTION | 316,608 | 40.5\% | 322,124 | 66.4\% | $(2,590)$ |
| MARKETING, GENERAL \& ADMINISTRATIVE | 120,947 | 15.5\% | 108,257 | 22.3\% | (680) |
| FLAGSHIP STORE EXIT BENEFITS | $(1,100)$ | (0.1)\% | (543) | (0.1)\% | - |
| ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES | 2,664 | 0.3\% | 42,928 | 8.8\% | (850) |
| total | \$439,119 | 56.2\% | \$472,766 | 97.4\% | $(4,120)$ |

NON-GAAP*

| (in thousands) | Q1 2021 | $\begin{gathered} \% \text { OF } \\ \text { NET SALES } \end{gathered}$ | Q1 2020 | \% OF NET SALES | $\triangle \mathrm{BPS}^{(3)}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| STORE OCCUPANCY ${ }^{(1)}$ | \$107,277 | 13.7\% | \$138,962 | 28.6\% | $(1,490)$ |
| ALL OTHER ${ }^{(2)}$ | 209,331 | 26.8\% | 183,162 | 37.7\% | $(1,090)$ |
| STORES AND DISTRIBUTION | 316,608 | 40.5\% | 322,124 | 66.4\% | $(2,590)$ |
| MARKETING, GENERAL \& ADMINISTRATIVE | 120,947 | 15.5\% | 108,257 | 22.3\% | (680) |
| FLAGSHIP STORE EXIT BENEFITS | $(1,100)$ | (0.1)\% | (543) | (0.1)\% | - |
| ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES | - | 0.0\% | - | 0.0\% | - |
| TOTAL | \$436,455 | 55.9\% | \$429,838 | 88.6\% | $(3,270)$ |

* Q1 non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 31.
${ }^{(1)}$ Includes operating lease costs, other landlord charges, utilities, depreciation and other occupancy expense.
${ }^{(2)}$ Includes selling payroll, store management and support, other store expense, direct-to-consumer expense, and distribution center costs.
${ }^{(3)}$ Rounded based on reported percentages.


## INCOME STATEMENT

|  | GAAP |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (in thousands) | Q1 2021 | $\begin{gathered} \% \text { OF } \\ \text { NET SALES } \end{gathered}$ | Q1 2020 | $\begin{gathered} \% \text { OF } \\ \text { NET SALES } \end{gathered}$ | Q1 2019 | $\begin{gathered} \text { \% OF } \\ \text { NET SALES } \end{gathered}$ |
| NET SALES | \$781,405 | 100.0\% | \$485,359 | 100.0\% | \$733,972 | 100.0\% |
| GROSS PROFIT ${ }^{(1)}$ | 495,134 | 63.4\% | 264,145 | 54.4\% | 444,090 | 60.5\% |
| OPERATING EXPENSE | 439,119 | 56.2\% | 472,766 | 97.4\% | 471,965 | 64.3\% |
| OTHER OPERATING (INCOME) LOSS, NET | $(1,418)$ | (0.2)\% | 506 | 0.1\% | (617) | (0.1)\% |
| OPERATING INCOME (LOSS) | 57,433 | 7.3\% | $(209,127)$ | (43.1)\% | $(27,258)$ | (3.7)\% |
| INTEREST EXPENSE, NET | 8,606 | 1.1\% | 3,371 | 0.7\% | 616 | 0.1\% |
| INCOME (LOSS) BEFORE INCOME TAXES | 48,827 | 6.2\% | $(212,498)$ | (43.8)\% | $(27,874)$ | (3.8)\% |
| INCOME TAX EXPENSE (BENEFIT) | 6,121 | 0.8\% | 31,533 | 6.5\% | $(9,588)$ | (1.3)\% |
| NET INCOME (LOSS) | \$41,768 | 5.3\% | \$(244,148) | (50.3)\% | \$(19,155) | (2.6)\% |
| NET INCOME (LOSS) PER SHARE |  |  |  |  |  |  |
| basic | \$0.67 |  | \$(3.90) |  | \$(0.29) |  |
| DILUTED | \$0.64 |  | \$(3.90) |  | \$(0.29) |  |
| WEIGHTED-AVERAGE SHARES |  |  | 1 | - |  |  |
| BASIC | 62,380 |  | 62,541 | * | 66,540 |  |
| diluted | 65,305 |  | 62,541 |  | 66,540 |  |

[^0]

|  | YEAR TO DATE PERIOD ENDED |  |
| :--- | :---: | :---: |
| (in thousands) | MAY 1, 2021 | MAY 2, 2020 |
| NET CASH USED FOR OPERATING ACTIVITIES | $\$(131,350)$ | $\$(140,776)$ |
| NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES | $\$(14,404)$ | $\$ 3,010$ |
| NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | $\$(53,191)$ | $\$ 171,668$ |


| (in thousands) | NET CASH PROVIDED <br> BY OPERATING ACTIVITIES | CAPITAL <br> EXPENDITURES | FREE <br> CASH FLOW |
| :--- | :---: | :---: | :---: |
| FY 2016 | $\$ 185,169$ | $\$ 140,844$ | $\$ 44,325$ |
| FY 2017 | $\$ 287,658$ | $\$ 107,001$ | $\$ 180,657$ |
| FY 2018 | $\$ 352,933$ | $\$ 152,393$ | $\$ 200,540$ |
| FY 2019 | $\$ 300,685$ | $\$ 202,784$ | $\$ 97,901$ |
| FY 2020 | $\$ 404,918$ | $\$ 101,910$ | $\$ 303,008$ |

${ }^{(1)}$ Free cash flow is a non-GAAP measure and is computed by subtracting capital expenditures from net cash provided by operating activities, both of which are disclosed in the table above, preceding the measure of free cash flow.

## FINANCIAL POSITION, LIQUIDITY \& CAPITAL ALLOCATION

 SHARE REPURCHASES AND DIVIDENDSIn order to preserve liquidity and increase financial flexibility in light of COVID-19, during fiscal 2020 the company suspended its share repurchase and dividend programs. The Company has since resumed share repurchase activity.

At the end of Q1 2021, the Company had approximately 8.9 million shares remaining available for purchase under its publicly announced February 2021 stock repurchase authorization.

|  | SHARE REPURCHASES |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| (in thousands, except for average cost) | NUMBER OF SHARES | COST | AVERAGE COST | DIVIDENDS | TOTAL |
| FY 2016 | - | \$- | \$- | \$54,066 | \$54,066 |
| FY 2017 | - | \$- | \$- | \$54,392 | \$54,392 |
| FY 2018 | 2,932 | \$68,670 | \$23.42 | \$53,714 | \$122,384 |
| FY 2019 | 3,957 | \$63,542 | \$16.06 | \$51,510 | \$115,052 |
| FY 2020 | 1,397 | \$15,172 | \$10.86 | \$12,556 | \$27,728 |
| YTD 2021 | 1,077 | \$35,249 | \$32.72 | \$- | \$35,249 |


| (in thousands) | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | Q1 2021 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| ENDING SHARES OUTSTANDING | 67,758 | 68,195 | 66,227 | 62,786 | 62,399 | 61,935 |


| (in thousands) | MAY 1,2021 | JANUARY 30, 2021 | MAY 2, 2020 |
| :--- | :---: | :---: | :---: |
| CASH AND EQUIVALENTS | $\$ 909,008$ | $\$ 1,104,862$ | $\$ 703,989$ |
| RECEIVABLES | 107,821 | 83,857 | 88,639 |
| INVENTORIES | 388,633 | 404,053 | 426,594 |
| OTHER CURRENT ASSETS | 78,727 | 68,857 | 67,412 |
| TOTAL CURRENT ASSETS | $\$ 1,484,189$ | $\$ 1,661,629$ | $\$ 1,286,634$ |
| PROPERTY AND EQUIPMENT, NET | 533,773 | 550,587 | 654,784 |
| OPERATING LEASE RIGHT-OF-USE ASSETS | 839,003 | 893,989 | $1,133,618$ |
| OTHER ASSETS | 213,585 | 208,697 | 216,795 |
| TOTAL ASSETS | $\$ 3,070,550$ | $\$ 3,314,902$ | $\$ 3,291,831$ |
| ACCOUNTS PAYABLE | $\$ 236,667$ | $\$ 289,396$ | $\$ 162,747$ |
| ACCRUED EXPENSES | 321,906 | 396,365 | 285,799 |
| SHORT-TERM PORTION OF BORROWINGS | - | - | 210,000 |
| SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES | 231,750 | 248,846 | 307,173 |
| INCOME TAXES PAYABLE | 26,672 | 24,792 | 8,232 |
| TOTAL CURRENT LIABILITIES | $\$ 816,995$ | $\$ 959,399$ | $\$ 973,951$ |
| LONG-TERM PORTION OF OPERATING LEASE LIABILITIES | 844,401 | 957,588 | $1,184,448$ |
| LONG-TERM BORROWINGS, NET | 344,278 | 343,910 | 232,178 |
| OTHER LIABILITIES | 114,926 | 104,693 | 103,188 |
| TOTAL LONG-TERM LIABILITIES | $\$ 1,303,605$ | $\$ 1,406,191$ | $\$ 1,519,814$ |
| TOTAL ABERCROMBIE \& FITCH CO. STOCKHOLDERS EQUITY | 941,174 | 936,628 | 790,239 |
| NONCONTROLLING INTEREST | 8,776 | 12,684 | 7,827 |
| TOTAL STOCKHOLDERS' EQUITY | $\$ 949,950$ | $\$ 949,312$ | $\$ 798,066$ |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $\$ 3,070,550$ | $\$ 3,314,902$ | $\$ 3,291,831$ |

## FINANCIAL POSITION, LIQUIDITY \& CAPITAL ALLOCATION

 STATEMENT OF CASH FLOWS|  | YEAR TO DATE PERIOD ENDED |  |
| :---: | :---: | :---: |
| (in thousands) | MAY 1, 2021 | MAY 2, 2020 |
| NET CASH USED FOR OPERATING ACTIVITIES | \$(131,350) | \$ $(140,776)$ |
| PURCHASES OF PROPERTY AND EQUIPMENT | $(14,404)$ | $(46,990)$ |
| WITHDRAWAL OF FUNDS FROM RABBI TRUST ASSETS | - | 50,000 |
| NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES | \$(14,404) | \$3,010 |
| PROCEEDS FROM BORROWINGS UNDER THE ABL FACILITY |  | 210,000 |
| PAYMENT OF DEBT ISSUANCE OR MODIFICATION COSTS AND FEES | $(1,490)$ |  |
| PURCHASES OF COMMON STOCK | $(35,249)$ | 15,172) |
| DIVIDENDS PAID |  | $(12,556)$ |
| OTHER FINANCING ACTIVITIES | $(16,452)$ | $(10,604)$ |
| NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | \$(53,191) | \$171,668 |
| EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH | $(1,021)$ | $(3,891)$ |
| NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS | \$(199,966) | \$30,011 |
| CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, BEGINNING OF PERIOD | \$1,124,157 | \$692,264 |
| CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, END OF PERIOD | \$924,191 | \$722,275 |

## APPENDIX

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

| NET SALES | Q1 2021 | Q1 2020 | $\Delta$ \% |
| :---: | :---: | :---: | :---: |
| GAAP | \$781,405 | \$485,359 | 61\% |
| IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ${ }^{(1)}$ | - | 12,273 | (4)\% |
| NON-GAAP CONSTANT CURRENCY BASIS | \$781,405 | \$497,632 | 57\% |
| GROSS PROFIT | Q1 2021 | Q1 2020 | $\triangle \mathrm{BPS}^{(2)}$ |
| GAAP | \$495,134 | \$264,145 | 900 |
| IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ${ }^{(1)}$ | - | 7,384 | (20) |
| NON-GAAP CONSTANT CURRENCY BASIS | \$495,134 | \$271,529 | 880 |
| OPERATING INCOME (LOSS) | Q1 2021 | Q1 2020 | $\triangle \mathrm{BPS}{ }^{(2)}$ |
| GAAP | \$57,433 | \$ 209,127$)$ | 5,040 |
| EXCLUDED ITEMS ${ }^{(3)}$ | $(2,664)$ | $(42,928)$ | 850 |
| ADJUSTED NON-GAAP | \$60,097 | \$ $(166,199)$ | 4,190 |
| IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ${ }^{(1)}$ | - | (900) |  |
| ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS | \$60,097 | \$(167,099) | 4,130 |
| NET INCOME (LOSS) PER DILUTED SHARE | Q1 2021 | Q1 2020 | $\Delta$ \$ |
| GAAP | \$0.64 | \$(3.90) | \$4.54 |
| EXCLUDED ITEMS, NET OF TAX ${ }^{(3)}$ | (0.03) | (0.62) | 0.59 |
| ADJUSTED NON-GAAP | \$0.67 | \$(3.29) | \$3.96 |
| IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ${ }^{(1)}$ | - | (0.01) | 0.01 |
| ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS | \$0.67 | \$(3.30) | \$3.97 |

[^1]
## APPENDIX

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

| (in thousands) | Q1 2021 |  | Q1 2021 |
| :--- | :---: | :---: | :---: |
| ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES | $\$ 2,664$ | $\$ 2,664$ | $\$-$ |
| OPERATING INCOME | 57,433 | $(2,664)$ | 60,097 |
| INCOME BEFORE INCOME TAXES | 48,827 | $(2,664)$ | 51,491 |
| INCOME TAX EXPENSE ${ }^{(1)}$ | 6,121 | $(449)$ | 6,570 |
| NET INCOME | $\$ 41,768$ | $\$(2,215)$ | $\$ 43,983$ |
| NET INCOME PER DILUTED SHARE | $\$ 0.64$ | $\$(0.03)$ | $\$ 0.67$ |
| DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING | 65,305 |  | 65,305 |


| (in thousands) | Q1 2020 |  | Q1 2020 |
| :--- | :---: | :---: | :---: |
| ESSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES | $\$ 42,928$ | $\$ 42,928$ | $\$-$ |
| OPERATING LOSS | $(209,127)$ | $(42,928)$ | $(166,199)$ |
| LOSS BEFORE INCOME TAXES | $(212,498)$ | $(42,928)$ | $(169,570)$ |
| INCOME TAX EXPENSE $^{(1)}$ | 31,533 | $(4,432)$ | 35,965 |
| NET LOSS | $\$(244,148)$ | $\$(38,496)$ | $\$(205,652)$ |
| NET LOSS PER DILUTED SHARE | $\$(3.90)$ | $\$(0.62)$ | $\$(3.29)$ |
| DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING | 62,541 |  | 62,541 |

[^2]
## Abercrombie \&Fitch Co.



## Abercrombie \& Fitch Co.




[^0]:    ${ }^{(1)}$ Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

[^1]:    ${ }^{(1)}$ The 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 impact from foreign currency is calculated using a $26 \%$ tax rate.
    ${ }^{(2)}$ The estimated basis point impact has been rounded based on the percentage change.
    ${ }^{(3)}$ Excludes pre-tax store asset impairment charges.

[^2]:    ${ }^{(1)}$ The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis

