

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	April 29, 2023	% of Net Sales	April 30, 2022	% of Net Sales
Net sales	\$ 835,994	100.0 %	\$ 812,762	100.0 %
Cost of sales, exclusive of depreciation and amortization	326,200	39.0 %	363,216	44.7 %
Gross profit	509,794	61.0 %	449,546	55.3 %
Stores and distribution expense	331,613	39.7 %	337,543	41.5 %
Marketing, general and administrative expense	142,631	17.1 %	122,149	15.0 %
Asset impairment	4,436	0.5 %	3,422	0.4 %
Other operating income, net	(2,894)	(0.3)%	(3,842)	(0.5)%
Operating income (loss)	34,008	4.1 %	(9,726)	(1.2)%
Interest expense, net	3,443	0.4 %	7,307	0.9 %
Income (loss) before income taxes	30,565	3.7 %	(17,033)	(2.1)%
Income tax expense (benefit)	12,718	1.5 %	(2,187)	(0.3)%
Net income (loss)	17,847	2.1 %	(14,846)	(1.8)%
Less: Net income attributable to noncontrolling interests	1,276	0.2 %	1,623	0.2 %
Net income (loss) attributable to A&F	<u>\$ 16,571</u>	2.0 %	<u>\$ (16,469)</u>	(2.0)%
Net income (loss) per share attributable to A&F				
Basic	\$ 0.33		\$ (0.32)	
Diluted	\$ 0.32		\$ (0.32)	
Weighted-average shares outstanding:				
Basic	49,574		52,077	
Diluted	51,467		52,077	

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 asset impairment charges, 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) digital net 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.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended April 29, 2023
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 4,436	\$ 4,436	\$ —
Operating income	34,008	(4,436)	38,444
Income before income taxes	30,565	(4,436)	35,001
Income tax expense ⁽³⁾	12,718	(1,187)	13,905
Net income attributable to A&F	16,571	(3,249)	19,820
Net income per diluted share attributable to A&F	\$ 0.32	\$ (0.06)	\$ 0.39
Diluted weighted-average shares outstanding:	51,467		51,467

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

⁽²⁾ Excluded items consist of pre-tax store impairment charges of \$4.4 million.

⁽³⁾ 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 April 30, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 3,422	\$ 3,422	\$ —
Operating loss	(9,726)	(3,422)	(6,304)
Loss before income taxes	(17,033)	(3,422)	(13,611)
Income tax benefit ⁽³⁾	(2,187)	(918)	(1,269)
Net loss attributable to A&F	\$ (16,469)	\$ (2,504)	\$ (13,965)
Net loss per diluted share attributable to A&F	\$ (0.32)	\$ (0.05)	\$ (0.27)
Diluted weighted-average shares outstanding:	52,077		52,077

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

⁽²⁾ Excluded items consist of pre-tax store asset impairment charges of \$3.4 million

⁽³⁾ 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 April 29, 2023 and April 30, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2023	2022	% Change
Net sales			
GAAP ⁽¹⁾	\$ 835,994	\$ 812,762	3%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,597)	1%
Net sales on a constant currency basis	\$ 835,994	\$ 804,165	4%
Gross profit			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 509,794	\$ 449,546	570
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(12,601)	100
Gross profit on a constant currency basis	\$ 509,794	\$ 436,945	670
Operating income (loss)			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 34,008	\$ (9,726)	530
Excluded items ⁽⁴⁾	(4,436)	(3,422)	(10)
Adjusted non-GAAP	\$ 38,444	\$ (6,304)	540
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,639)	110
Adjusted non-GAAP constant currency basis	\$ 38,444	\$ (14,943)	650
Net income (loss) attributable to A&F			
	2023	2022	\$ Change
GAAP ⁽¹⁾	\$ 0.32	\$ (0.32)	\$0.64
Excluded items, net of tax ⁽⁴⁾	(0.06)	(0.05)	(0.01)
Adjusted non-GAAP	\$ 0.39	\$ (0.27)	\$0.66
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.12)	0.12
Adjusted non-GAAP constant currency basis	\$ 0.39	\$ (0.39)	\$0.78

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

⁽²⁾ 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.

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

⁽⁴⁾ Excluded items consist of \$4.4 million pre-tax store asset impairment charges for the current year and \$3.4 million pre-tax store asset impairment charges for the prior year, respectively.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Brand and Geography
Thirteen Weeks Ended April 29, 2023 and April 30, 2022
(in thousands, except percentage changes)
(Unaudited)

	2023		2022		GAAP % Change	Non-GAAP Constant Currency Basis % Change	
	GAAP		GAAP	Impact From Changes In Foreign Currency Exchanges Rates ⁽¹⁾			Non-GAAP Constant Currency Basis
Net sales by brand:							
Abercrombie ⁽²⁾	436,044		383,928	(3,414)	380,514	14%	15%
Hollister ⁽³⁾	\$ 399,950	\$	428,834	\$ (5,183)	\$ 423,651	(7)%	(6)%
Total company	\$ 835,994	\$	812,762	\$ (8,597)	\$ 804,165	3%	4%

	2023		2022		GAAP % Change	Non-GAAP Constant Currency Basis % Change	
	GAAP		GAAP	Impact From Changes In Foreign Currency Exchanges Rates ⁽¹⁾			Non-GAAP Constant Currency Basis
Net sales by region: ⁽⁴⁾							
United States	\$ 636,117	\$	585,106	\$ —	\$ 585,106	9%	9%
EMEA	139,258		163,969	(5,046)	158,923	(15)%	(12)%
APAC	33,333		29,897	(1,395)	28,502	11%	17%
Other ⁽⁵⁾	27,286		33,790	(2,156)	31,634	(19)%	(14)%
International	\$ 199,877	\$	227,656	\$ (8,597)	\$ 219,059	(12)%	(9)%
Total company	\$ 835,994	\$	812,762	\$ (8,597)	\$ 804,165	3%	4%

⁽¹⁾ 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.

⁽²⁾ Abercrombie includes the Abercrombie & Fitch and abercrombie kids brands.

⁽³⁾ Hollister includes the Hollister, Gilly Hicks and Social Tourist brands.

⁽⁴⁾ Net sales by geographic area are presented by attributing revenues to an individual country on the basis of the country in which the merchandise was sold for in-store purchases and on the basis of the shipping location provided by customers for digital orders.

⁽⁵⁾ Other includes all sales that do not fall within the United States, EMEA, or APAC regions, which are derived primarily in Canada.

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

	April 29, 2023	January 28, 2023	April 30, 2022
Assets			
Current assets:			
Cash and equivalents	\$ 446,952	\$ 517,602	\$ 468,378
Receivables	106,149	104,506	88,807
Inventories	447,806	505,621	562,510
Other current assets	107,684	100,289	93,179
Total current assets	1,108,591	1,228,018	1,212,874
Property and equipment, net	550,810	551,585	497,976
Operating lease right-of-use assets	692,699	723,550	671,991
Other assets	205,978	209,947	224,462
Total assets	<u>\$ 2,558,078</u>	<u>\$ 2,713,100</u>	<u>\$ 2,607,303</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 221,587	\$ 258,895	\$ 311,352
Accrued expenses	340,331	413,303	320,681
Short-term portion of operating lease liabilities	188,520	213,979	195,599
Income taxes payable	19,023	16,023	25,400
Total current liabilities	769,461	902,200	853,032
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 682,996	\$ 713,361	\$ 662,322
Long-term borrowings, net	297,172	296,852	303,901
Other liabilities	97,476	94,118	83,243
Total long-term liabilities	1,077,644	1,104,331	1,049,466
Total Abercrombie & Fitch Co. stockholders' equity	701,857	694,841	695,361
Noncontrolling interests	9,116	11,728	9,444
Total stockholders' equity	710,973	706,569	704,805
Total liabilities and stockholders' equity	<u>\$ 2,558,078</u>	<u>\$ 2,713,100</u>	<u>\$ 2,607,303</u>

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

	Thirteen Weeks Ended	
	April 29, 2023	April 30, 2022
Operating activities		
Net cash used for operating activities	\$ (560)	\$ (217,787)
Investing activities		
Purchases of property and equipment	\$ (46,391)	\$ (26,292)
Proceeds from sale of property and equipment	—	7,751
Net cash used for investing activities	\$ (46,391)	\$ (18,541)
Financing activities		
Purchases of common stock	—	(100,000)
Other financing activities	(21,956)	(16,945)
Net cash used for financing activities	\$ (21,956)	\$ (116,945)
Effect of foreign currency exchange rates on cash	\$ (1,998)	\$ (2,617)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (70,905)	\$ (355,890)
Cash and equivalents, and restricted cash and equivalents, beginning of period	\$ 527,569	\$ 834,368
Cash and equivalents, and restricted cash and equivalents, end of period	<u>\$ 456,664</u>	<u>\$ 478,478</u>

**Abercrombie & Fitch Co.
Store Count**

Thirteen Weeks Ended April 29, 2023

	Abercrombie ⁽¹⁾		Hollister ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 28, 2023	180	53	380	149	560	202	762
New	1	2	1	2	2	4	6
Permanently closed	(2)	(1)	(4)	(3)	(6)	(4)	(10)
April 29, 2023	<u>179</u>	<u>54</u>	<u>377</u>	<u>148</u>	<u>556</u>	<u>202</u>	<u>758</u>

⁽¹⁾ 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 22 international franchise stores as of April 29, 2023, and 23 international franchise stores as of January 28, 2023.

⁽²⁾ Hollister includes the company's Hollister and Gilly Hicks brands. Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes 13 international franchise stores as of April 29, 2023, and 12 international franchise stores as of January 28, 2023. Excludes 20 company-operated temporary stores as of April 29, 2023 and 16 company-operated temporary stores January 28, 2023.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of April 29, 2023 and January 28, 2023.