

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	May 4, 2019	% of Net Sales	May 5, 2018	% of Net Sales
Net sales	\$ 733,972	100.0 %	\$ 730,899	100.0 %
Cost of sales, exclusive of depreciation and amortization	<u>289,882</u>	39.5 %	<u>288,554</u>	39.5 %
Gross profit	444,090	60.5 %	442,345	60.5 %
Stores and distribution expense	358,356	48.8 %	361,155	49.4 %
Marketing, general and administrative expense	111,947	15.3 %	124,897	17.1 %
Asset impairment	1,662	0.2 %	1,056	0.1 %
Other operating income, net	<u>(617)</u>	(0.1)%	<u>(2,560)</u>	(0.4)%
Operating loss	(27,258)	(3.7)%	(42,203)	(5.8)%
Interest expense, net	<u>616</u>	0.1 %	<u>3,018</u>	0.4 %
Loss before income taxes	(27,874)	(3.8)%	(45,221)	(6.2)%
Income tax benefit	<u>(9,588)</u>	(1.3)%	<u>(3,713)</u>	(0.5)%
Net loss	(18,286)	(2.5)%	(41,508)	(5.7)%
Less: Net income attributable to noncontrolling interests	<u>869</u>	0.1 %	<u>953</u>	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (19,155)</u>	(2.6)%	<u>\$ (42,461)</u>	(5.8)%
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.29)		\$ (0.62)	
Diluted	\$ (0.29)		\$ (0.62)	
Weighted-average shares outstanding:				
Basic	66,540		68,500	
Diluted	66,540		68,500	

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

	<u>May 4, 2019 ⁽¹⁾</u>	<u>February 2, 2019</u>	<u>May 5, 2018</u>
<u>Assets</u>			
Current assets:			
Cash and equivalents	\$ 586,133	\$ 723,135	\$ 591,960
Receivables	82,026	73,112	72,795
Inventories	432,350	437,879	405,107
Other current assets	71,803	101,824	104,806
Total current assets	<u>1,172,312</u>	<u>1,335,950</u>	<u>1,174,668</u>
Property and equipment, net	633,686	694,855	709,007
Operating lease right-of-use assets	1,252,249	—	—
Other assets	364,719	354,788	381,293
Total assets	<u>\$ 3,422,966</u>	<u>\$ 2,385,593</u>	<u>\$ 2,264,968</u>
<u>Liabilities and stockholders' equity</u>			
Current liabilities:			
Accounts payable	\$ 180,041	\$ 226,878	\$ 166,577
Accrued expenses	240,050	293,579	262,964
Short-term portion of operating lease liabilities	278,392	—	—
Short-term portion of deferred lease credits	—	19,558	19,269
Income taxes payable	16,022	18,902	12,784
Total current liabilities	<u>714,505</u>	<u>558,917</u>	<u>461,594</u>
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 1,207,103	\$ —	\$ —
Long-term portion of borrowings, net	250,736	250,439	249,962
Long-term portion of deferred lease credits	—	76,134	73,660
Leasehold financing obligations	—	46,337	48,955
Other liabilities	145,659	235,145	241,951
Total long-term liabilities	<u>1,603,498</u>	<u>608,055</u>	<u>614,528</u>
Total Abercrombie & Fitch Co. stockholders' equity	1,094,839	1,208,900	1,178,267
Noncontrolling interests	10,124	9,721	10,579
Total stockholders' equity	<u>1,104,963</u>	<u>1,218,621</u>	<u>1,188,846</u>
Total liabilities and stockholders' equity	<u>\$ 3,422,966</u>	<u>\$ 2,385,593</u>	<u>\$ 2,264,968</u>

⁽¹⁾ The company adopted the new lease accounting standard in the first quarter of fiscal year 2019 using the modified retrospective transition method and elected the option to not restate comparative period financial statements. See "Adoption of New Lease Accounting Standard" for further detail.

Reporting and Use of GAAP and Non-GAAP Measures

The company believes that each of the non-GAAP financial measures presented in this news release 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, and therefore supplement 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. 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 period 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 27% tax rate. In addition, 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. 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.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended May 5, 2018
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Marketing, general and administrative expense ⁽²⁾	\$ 124,897	\$ 5,600	\$ 119,297
Operating loss	(42,203)	(5,600)	(36,603)
Loss before income taxes	(45,221)	(5,600)	(39,621)
Income tax benefit ⁽³⁾	(3,713)	(1,541)	(2,172)
Net loss attributable to Abercrombie & Fitch Co.	\$ (42,461)	\$ (4,059)	\$ (38,402)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.62)	\$ (0.06)	\$ (0.56)
Diluted weighted-average shares outstanding	68,500		68,500

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

⁽²⁾ Excluded items consist of legal charges of \$5.6 million in connection with a proposed settlement of a class action claim, which received final court approval and was paid in the fourth quarter of fiscal 2018.

⁽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.
Store Count Activity**

Thirteen Weeks Ended May 4, 2019

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total	
	United States	International	United States	International	United States	International
February 2, 2019	393	149	270	49	663	198
New	1	—	—	—	1	—
Closed	(1)	—	(3)	(1)	(4)	(1)
May 4, 2019	393	149	267	48	660	197

⁽¹⁾ Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes nine international franchise stores as of May 4, 2019 and eight international franchise stores as of February 2, 2019. Excludes two U.S. Company operated Gilly Hicks pop-up stores as of May 4, 2019.

⁽²⁾ 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 seven international franchise stores as of each of May 4, 2019 and February 2, 2019.