

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	July 30, 2022	% of Net Sales	July 31, 2021	% of Net Sales
Net sales	\$ 805,091	100.0 %	\$ 864,850	100.0 %
Cost of sales, exclusive of depreciation and amortization	339,200	42.1 %	301,365	34.8 %
Gross profit	465,891	57.9 %	563,485	65.2 %
Stores and distribution expense	340,791	42.3 %	325,847	37.7 %
Marketing, general and administrative expense	124,168	15.4 %	123,913	14.3 %
Asset impairment	2,170	0.3 %	786	0.1 %
Other operating expense (income), net	953	0.1 %	(1,848)	(0.2)%
Operating (loss) income	(2,191)	(0.3)%	114,787	13.3 %
Interest expense, net	6,917	0.9 %	11,275	1.3 %
(Loss) income before income taxes	(9,108)	(1.1)%	103,512	12.0 %
Income tax expense (benefit)	5,634	0.7 %	(6,944)	(0.8)%
Net (loss) income	(14,742)	(1.8)%	110,456	12.8 %
Less: Net income attributable to noncontrolling interests	2,092	0.3 %	1,956	0.2 %
Net (loss) income attributable to Abercrombie & Fitch Co.	<u>\$ (16,834)</u>	(2.1)%	<u>\$ 108,500</u>	12.5 %

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

Basic	\$ (0.33)	\$ 1.77
Diluted	\$ (0.33)	\$ 1.69

Weighted-average shares outstanding:

Basic	50,441	61,428
Diluted	50,441	64,136

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

	Twenty-Six Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	% of Net Sales	July 31, 2021	% of Net Sales
Net sales	\$ 1,617,853	100.0 %	\$ 1,646,255	100.0 %
Cost of sales, exclusive of depreciation and amortization	702,416	43.4 %	587,636	35.7 %
Gross profit	915,437	56.6 %	1,058,619	64.3 %
Stores and distribution expense	678,334	41.9 %	641,355	39.0 %
Marketing, general and administrative expense	246,317	15.2 %	244,860	14.9 %
Asset impairment, exclusive of flagship store exit charges	5,592	0.3 %	3,450	0.2 %
Other operating income, net	(2,889)	(0.2)%	(3,266)	(0.2)%
Operating (loss) income	(11,917)	(0.7)%	172,220	10.5 %
Interest expense, net	14,224	0.9 %	19,881	1.2 %
(Loss) Income before income taxes	(26,141)	(1.6)%	152,339	9.3 %
Income tax expense (benefit)	3,447	0.2 %	(823)	0.0 %
Net (loss) income	(29,588)	(1.8)%	153,162	9.3 %
Less: Net income attributable to noncontrolling interests	3,715	0.2 %	2,894	0.2 %
Net (loss) income attributable to Abercrombie & Fitch Co.	<u>\$ (33,303)</u>	(2.1)%	<u>\$ 150,268</u>	9.1 %
Net (loss) income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.65)		\$ 2.43	
Diluted	\$ (0.65)		\$ 2.32	
Weighted-average shares outstanding:				
Basic	51,262		61,914	
Diluted	51,262		64,803	

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

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 2,170	\$ 2,170	\$ —
Operating loss	(2,191)	(2,170)	(21)
Loss before income taxes	(9,108)	(2,170)	(6,938)
Income tax expense ⁽³⁾	5,634	(611)	6,245
Net loss attributable to Abercrombie & Fitch Co.	\$ (16,834)	\$ (1,559)	\$ (15,275)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.33)	\$ (0.03)	\$ (0.30)
Diluted weighted-average shares outstanding:	50,441		50,441

⁽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 \$2.2 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 July 31, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 786	\$ 786	\$ —
Operating income	114,787	(786)	115,573
Income before income taxes	103,512	(786)	104,298
Income tax benefit ⁽³⁾	(6,944)	(224)	(6,720)
Net income attributable to Abercrombie & Fitch Co.	\$ 108,500	\$ (562)	\$ 109,062
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 1.69	\$ (0.01)	\$ 1.70
Diluted weighted-average shares outstanding:	64,136		64,136

⁽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 \$0.8 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
Twenty-Six Weeks Ended July 30, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 5,592	\$ 5,592	\$ —
Operating loss	(11,917)	(5,592)	(6,325)
Loss before income taxes	(26,141)	(5,592)	(20,549)
Income tax expense ⁽³⁾	3,447	(1,529)	4,976
Net loss attributable to Abercrombie & Fitch Co.	\$ (33,303)	\$ (4,063)	\$ (29,240)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.65)	\$ (0.08)	\$ (0.57)
Diluted weighted-average shares outstanding:	51,262		51,262

⁽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 \$5.6 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
Twenty-Six Weeks Ended July 31, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 3,450	\$ 3,450	\$ —
Operating income	172,220	(3,450)	175,670
Income before income taxes	152,339	(3,450)	155,789
Income tax benefit ⁽³⁾	(823)	(673)	(150)
Net income attributable to Abercrombie & Fitch Co.	\$ 150,268	\$ (2,777)	\$ 153,045
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 2.32	\$ (0.04)	\$ 2.36
Diluted weighted-average shares outstanding:	64,803		64,803

⁽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 \$3.5 million, which are principally the result of the impact of COVID-19 on store cash flows.

⁽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 July 30, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2022	2021	% Change
Net sales			
GAAP ⁽¹⁾	\$ 805,091	\$ 864,850	(7)%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(23,124)	3%
Net sales on a constant currency basis	\$ 805,091	\$ 841,726	(4)%
Gross profit			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 465,891	\$ 563,485	(730)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(16,117)	20
Gross profit on a constant currency basis	\$ 465,891	\$ 547,368	(710)
Operating (loss) income			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ (2,191)	\$ 114,787	(1,360)
Excluded items ⁽⁴⁾	(2,170)	(786)	(20)
Adjusted non-GAAP	\$ (21)	\$ 115,573	(1,380)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(7,984)	100
Adjusted non-GAAP constant currency basis	\$ (21)	\$ 107,589	(1,280)
Net (loss) income per diluted share attributable to Abercrombie & Fitch Co.			
	2022	2021	\$ Change
GAAP ⁽¹⁾	\$ (0.33)	\$ 1.69	\$(2.02)
Excluded items, net of tax ⁽⁴⁾	(0.03)	(0.01)	(0.02)
Adjusted non-GAAP	\$ (0.30)	\$ 1.70	\$(2.00)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.09)	0.09
Adjusted non-GAAP constant currency basis	\$ (0.30)	\$ 1.61	\$(1.91)

⁽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 pre-tax store asset impairment charges of \$2.2 million and \$0.8 million for the current year and prior year, respectively.

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

	July 30, 2022	January 29, 2022	July 31, 2021
Assets			
Current assets:			
Cash and equivalents	\$ 369,957	\$ 823,139	\$ 921,504
Receivables	79,820	69,102	87,151
Inventories	708,024	525,864	415,604
Other current assets	104,887	89,654	77,392
Total current assets	1,262,688	1,507,759	1,501,651
Property and equipment, net	511,181	508,336	532,795
Operating lease right-of-use assets	740,627	698,231	791,036
Other assets	219,598	225,165	229,911
Total assets	\$ 2,734,094	\$ 2,939,491	\$ 3,055,393
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 408,297	\$ 374,829	\$ 289,475
Accrued expenses	342,690	395,815	351,991
Short-term portion of operating lease liabilities	202,699	222,823	219,453
Income taxes payable	5,582	21,773	26,260
Total current liabilities	959,268	1,015,240	887,179
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 714,265	\$ 697,264	\$ 791,793
Long-term borrowings, net	304,219	303,574	303,015
Other liabilities	83,415	86,089	106,473
Total long-term liabilities	1,101,899	1,086,927	1,201,281
Total Abercrombie & Fitch Co. stockholders' equity	661,788	826,090	956,566
Noncontrolling interests	11,139	11,234	10,367
Total stockholders' equity	672,927	837,324	966,933
Total liabilities and stockholders' equity	\$ 2,734,094	\$ 2,939,491	\$ 3,055,393

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

	Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021
Operating activities		
Net cash (used for) provided by operating activities	\$ (259,733)	\$ 49,945
Investing activities		
Purchases of property and equipment	\$ (59,582)	\$ (35,269)
Proceeds from sale of property and equipment	7,972	—
Net cash used for investing activities	\$ (51,610)	\$ (35,269)
Financing activities		
Purchase of senior secured notes	—	(46,969)
Payment of debt issuance or modification costs and fees	—	(1,837)
Purchases of common stock	(117,775)	(135,249)
Other financing activities	(17,649)	(16,192)
Net cash used for financing activities	\$ (135,424)	\$ (200,247)
Effect of foreign currency exchange rates on cash	\$ (7,567)	\$ (2,547)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (454,334)	\$ (188,118)
Cash and equivalents, and restricted cash and equivalents, beginning of period	\$ 834,368	\$ 1,124,157
Cash and equivalents, and restricted cash and equivalents, end of period	<u>\$ 380,034</u>	<u>\$ 936,039</u>

**Abercrombie & Fitch Co.
Store Count**

Thirteen Weeks Ended July 30, 2022

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
April 30, 2022	352	156	171	49	523	205	728
New	6	1	1	—	7	1	8
Permanently closed	—	(2)	—	—	—	(2)	(2)
July 30, 2022	<u>358</u>	<u>155</u>	<u>172</u>	<u>49</u>	<u>530</u>	<u>204</u>	<u>734</u>

Twenty-Six Weeks Ended July 30, 2022

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 29, 2022	351	154	173	51	524	205	729
New	7	3	2	—	9	3	12
Permanently closed	—	(2)	(3)	(2)	(3)	(4)	(7)
July 30, 2022	<u>358</u>	<u>155</u>	<u>172</u>	<u>49</u>	<u>530</u>	<u>204</u>	<u>734</u>

⁽¹⁾ 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 9 international franchise stores as of July 30, 2022, 8 international franchise stores as of April 30, 2022 and January 29, 2022. Excludes 15 company-operated temporary stores as of July 30, 2022 and 13 company-operated temporary stores April 30, 2022 and 14 company-operated temporary stores January 29, 2022.

⁽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 16 international franchise stores as of July 30, 2022, 14 international franchise stores as of April 30, 2022 and January 29, 2022. Excludes 4 company-operated temporary stores as of July 30, 2022 and 5 company-operated temporary stores as of April 30, 2022 and January 29, 2022.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of July 30, 2022, April 30, 2022, and January 29, 2022.

Abercrombie & Fitch Co.

Financial Information

(Unaudited)

(in thousands, except per share data, store data, and comparable sales data)

	2018	2019	2020	Fiscal 2021				2021	Fiscal 2022		
				Q1	Q2	Q3	Q4		Q1	Q2	2022
Net sales	\$ 3,590,109	\$ 3,623,073	\$ 3,125,384	\$ 781,405	\$ 864,850	\$ 905,160	\$ 1,161,353	\$ 3,712,768	\$ 812,762	\$ 805,091	\$ 1,617,853
Cost of sales, exclusive of depreciation and amortization	1,430,193	1,472,155	1,234,179	286,271	301,365	328,916	484,221	1,400,773	363,216	339,200	702,416
Gross profit	2,159,916	2,150,918	1,891,205	495,134	563,485	576,244	677,132	2,311,995	449,546	465,891	915,437
Stores and distribution expense	1,536,216	1,551,243	1,391,584	316,608	325,935	351,804	435,129	1,429,476	337,543	340,791	678,334
Marketing, general and administrative expense	484,863	464,615	463,843	120,947	123,913	146,269	145,686	536,815	122,149	124,168	246,317
Flagship store exit charges (benefits)	5,806	47,257	(11,636)	(1,100)	(88)	11	24	(1,153)	—	—	—
Asset impairment, exclusive of flagship store exit charges	11,580	19,135	72,937	2,664	786	6,749	1,901	12,100	3,422	2,170	5,592
Other operating (income) loss, net	(5,915)	(1,400)	(5,054)	(1,418)	(1,848)	(1,320)	(3,741)	(8,327)	(3,842)	953	(2,889)
Operating income (loss)	127,366	70,068	(20,469)	57,433	114,787	72,731	98,133	343,084	(9,726)	(2,191)	(11,917)
Interest expense, net	10,999	7,737	28,274	8,606	11,275	7,270	6,959	34,110	7,307	6,917	14,224
Income (loss) before income taxes	116,367	62,331	(48,743)	48,827	103,512	65,461	91,174	308,974	(17,033)	(9,108)	(26,141)
Income tax expense (benefit)	37,559	17,371	60,211	6,121	(6,944)	16,383	23,348	38,908	(2,187)	5,634	3,447
Net income (loss)	78,808	44,960	(108,654)	42,706	110,456	49,078	67,826	270,066	(14,846)	(14,742)	(29,588)
Less: Net income attributable to noncontrolling interests	4,267	5,602	5,067	938	1,956	1,845	2,317	7,056	1,623	2,092	3,715
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 74,541</u>	<u>\$ 39,358</u>	<u>\$ (114,021)</u>	<u>\$ 41,768</u>	<u>\$ 108,500</u>	<u>\$ 47,233</u>	<u>\$ 65,509</u>	<u>\$ 263,010</u>	<u>\$ (16,469)</u>	<u>\$ (16,834)</u>	<u>\$ (33,303)</u>

	2018	2019	2020	Fiscal 2021				2021	Fiscal 2022		
				Q1	Q2	Q3	Q4		Q1	Q2	2022
Net income (loss) per share attributable to Abercrombie & Fitch Co.:											
Basic	\$ 1.11	\$ 0.61	\$ (1.82)	\$ 0.67	\$ 1.77	\$ 0.80	\$ 1.18	\$ 4.41	\$ (0.32)	\$ (0.33)	\$ (0.65)
Diluted	\$ 1.08	\$ 0.60	\$ (1.82)	\$ 0.64	\$ 1.69	\$ 0.77	\$ 1.12	\$ 4.20	\$ (0.32)	\$ (0.33)	\$ (0.65)
Weighted-average shares outstanding:											
Basic	67,350	64,428	62,551	62,380	61,428	58,796	55,740	59,597	52,077	50,441	51,262
Diluted	69,137	65,778	62,551	65,305	64,136	61,465	58,700	62,636	52,077	50,441	51,262
Hollister comparable sales ^{(1) (2)}	5 %	(1)%	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Abercrombie comparable sales ^{(1) (3)}	1 %	3 %	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Comparable sales ⁽¹⁾	3 %	1 %	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Shares outstanding	66,227	62,786	62,399	61,935	59,692	57,037	52,985	52,985	50,442	49,471	49,471
Number of stores - end of period	861	857	735	731	733	735	729	729	728	734	734
Gross square feet - end of period	6,566	6,314	5,232	5,189	5,150	5,159	5,052	5,052	5,029	5,059	5,059

⁽¹⁾ Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. The Company did not provide comparable sales results for fiscal 2020, fiscal 2021 or fiscal 2022 due to temporary store closures as a result of COVID-19.

⁽²⁾ Hollister includes the Company's Hollister, Gilly Hicks, and Social Tourist brands.

⁽³⁾ Abercrombie includes the Company's Abercrombie & Fitch and abercrombie kids brands.