



# Abercrombie & Fitch Co.

Abercrombie & Fitch

abercrombie kids

HOLLISTER

GILLY HICKS

SOCIAL TOURIST

INVESTOR PRESENTATION: FOURTH 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," "should," "are confident," 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, and in A&F's subsequently filed quarterly reports on Form 10-Q, 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 March 2, 2022 which is available in the "Investors" section of the company's website, located at [corporate.abercrombie.com](http://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, Gilly Hicks, and Social Tourist 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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# COMPANY OVERVIEW



# OUR FIVE GLOBAL BRANDS

## COMPANY OVERVIEW



### 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.



### 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.



### 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.



### GILLY HICKS

Hollister also carries a lifestyle brand, Gilly Hicks. At Gilly Hicks, we know everyone has their own unique happy place. We exist to help you find yours. Gilly Hicks focuses on underwear, loungewear and activewear designed to give all Gen Z customers their daily dose of happy.



### 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

COMPANY OVERVIEW

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

**\$1.7B**

FISCAL 2021 DIGITAL SALES  
WERE ROUGHLY \$1.7 BILLION,  
47% OF TOTAL NET SALES

**5**

GLOBAL BRANDS

**729**

COMPANY-OPERATED  
RETAIL STORES

**29%**

OF FISCAL 2021 NET SALES WERE  
DERIVED INTERNATIONALLY

**~90%**

OF GLOBAL STORE FLEET  
WITH SHIP-FROM-STORE  
AND PURCHASE-ONLINE-  
PICK-UP-IN-STORE  
CAPABILITIES

**110**

CAPABILITY TO SHIP TO OVER  
110 COUNTRIES

**24**

INTERNATIONAL  
THIRD-PARTY OPERATED  
STORES

**9**

WHOLESALE PARTNERSHIPS,  
PRIMARILY INTERNATIONAL



# FOCUS AREAS

# OUR PREVIOUSLY-STATED TRANSFORMATION INITIATIVES

## FOCUS AREAS

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

**1**

### **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 OMNI-CHANNEL 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

**4**

### **IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION**

- Leveraging data, including our loyalty programs, to engage with customers across channels
- Driving more efficient and effective marketing spend



# SUCCESSFULLY EXECUTED TO 2021 FOCUS AREAS

## FOCUS AREAS

WE ENTERED 2021 ON OFFENSE WHILE WORKING TOWARDS RECAPTURING LOST SALES DUE TO COVID-19

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

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

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**DEDICATING RESOURCES TOWARDS ACCELERATING GROWTH OF GILLY HICKS  
AND LAUNCHING SOCIAL TOURIST**

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**OPTIMIZING SQUARE FOOTAGE WHILE BEING OPPORTUNISTIC IN GLOBAL STORE EXPANSION**

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

# HOW WE ARE NAVIGATING COVID-19

## FOCUS AREAS

### **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 ensuring all stores follow local mandates relating to face coverings, social distancing, cleaning measures, reduced operating hours and/or temporary closures

### **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

### **PRUDENTLY 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, but returning cash to shareholders through share repurchases
- Assessing government policy and economic stimulus responses to COVID-19



# DIGITAL EVOLUTION



# AGGRESSIVELY INVESTING TO SUPPORT TRANSFORMATION TO A DIGITALLY-LED GLOBAL OMNI-CHANNEL RETAILER

DIGITAL EVOLUTION

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

EXPECTED DIGITAL AND OMNICHANNEL INVESTMENTS FOR THE YEAR OF **\$30M+**

FISCAL 2018 - FISCAL 2021

FISCAL 2022

**FISCAL 2018**

Digital sales penetration of **28%, <\$1.0B**

**FISCAL 2021\***

Digital sales penetration of **47%, \$1.7B+**

\* In fiscal 2021, the company was impacted by the COVID-19 pandemic and experienced widespread temporary store closures, while the company's digital operations continued to serve the customers during this unprecedented period.



# GLOBAL STORE NETWORK OPTIMIZATION

# 729 STORES AS OF FY21

## GLOBAL STORE NETWORK OPTIMIZATION

### NEW STORE OPENINGS & CLOSINGS

TOTAL COMPANY <sup>(1)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2020	735	537	17	123	46	12
OPENINGS	38	17	—	14	7	—
PERMANENT CLOSINGS	(44)	(30)	(1)	(10)	(3)	—
END OF Q4 2021	729	524	16	127	50	12
HOLLISTER <sup>(2)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2020	497	347	10	107	27	6
OPENINGS	22	10	—	8	4	—
PERMANENT CLOSINGS	(14)	(6)	—	(6)	(2)	—
END OF Q4 2021	505	351	10	109	29	6
ABERCROMBIE <sup>(3)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2020	238	190	7	16	19	6
OPENINGS	16	7	—	6	3	—
PERMANENT CLOSINGS	(30)	(24)	(1)	(4)	(1)	—
END OF Q4 2021	224	173	6	18	21	6

### GROSS SQUARE FOOTAGE

<i>(in thousands)</i>	HOLLISTER		ABERCROMBIE		TOTAL COMPANY		
	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
Q4 2021	2,312	1,212	1,161	367	3,473	1,579	5,052

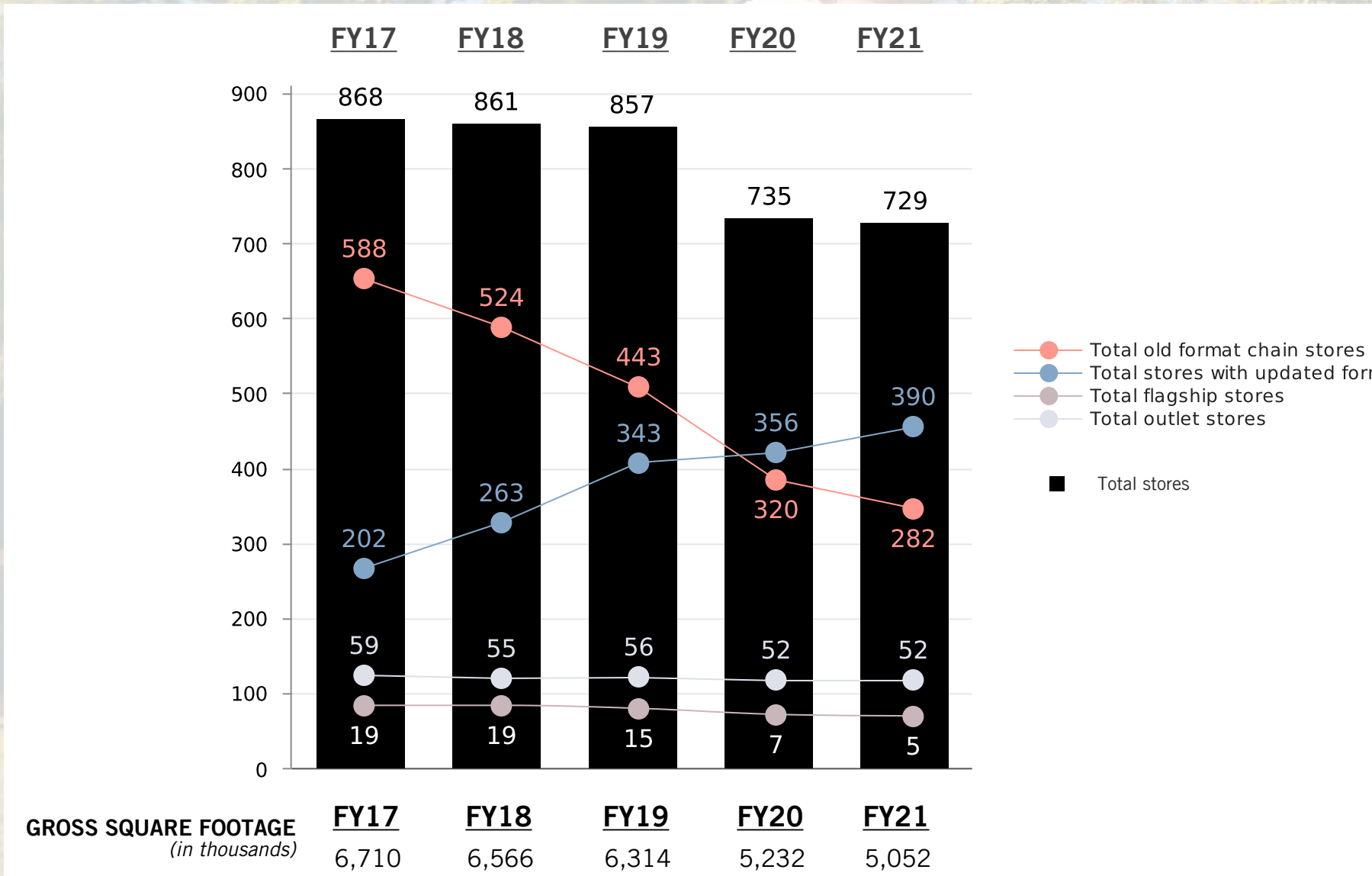
<sup>(1)</sup> Store count excludes one international third-party operated multi-brand outlet store as of January 29, 2022.

<sup>(2)</sup> Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes 9 international franchise stores as of January 29, 2022 and January 30, 2021. Excludes 14 Company-operated temporary stores as of January 29, 2022 and 12 as of January 30, 2021.

<sup>(3)</sup> Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes 14 international franchise stores as of January 29, 2022, and 10 international franchise stores as of January 30, 2021. Excludes five Company-operated temporary stores as of January 29, 2022 and two as of January 30, 2021.

# REMOVED 1.7M GROSS SQUARE FEET GLOBALLY SINCE 2017; EXPECT TO SEE NET STORE OPENINGS IN 2022

GLOBAL STORE NETWORK OPTIMIZATION



\* Prior period figures have been revised to reflect a change in classification of certain stores to be consistent with current presentation.

# 91% OF U.S. STORES LOCATED IN A/B MALLS; CONTINUE TO REPOSITION GLOBAL FLEET

GLOBAL STORE NETWORK  
OPTIMIZATION

## YTD STORE OPTIMIZATION ACTIVITY

	HOLLISTER	ABERCROMBIE	TOTAL
NEW STORES	22	16	38
REMODELS	2	—	2
RIGHT-SIZES	2	3	5
NEW EXPERIENCES	26	19	45
PERMANENT CLOSURES	(14)	(30)	(44)

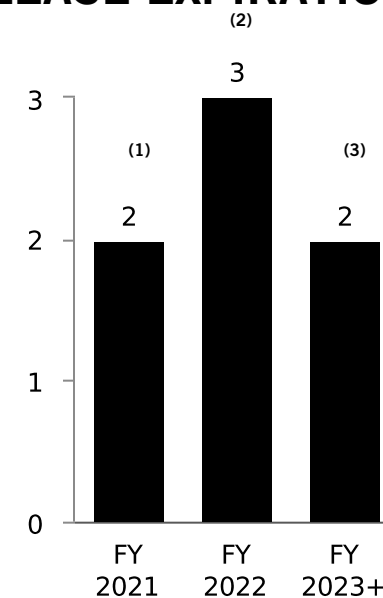
## Q4 2021 STORE FLEET DETAIL

	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
LEGACY STORES	185	37%	97	43%	282	39%
UPDATED FORMATS	304	60%	86	38%	390	53%
OUTLETS	15	3%	37	17%	52	7%
FLAGSHIPS	1	—%	4	2%	5	1%
<b>TOTAL</b>	<b>505</b>	<b>100%</b>	<b>224</b>	<b>100%</b>	<b>729</b>	<b>100%</b>

## Q4 2021 U.S. STORE FLEET \*

	A MALL	B MALL	C MALL	FLAGSHIPS	TOTAL
# OF STORES	228	245	46	2	521
% OF U.S. FLEET	44%	47%	9%	—%	100%

## FLAGSHIP STORE CLOSURES/ LEASE EXPIRATIONS



(1) Includes the A&F Singapore and A&F Hamburg, Germany locations.

(2) Includes the A&F Amsterdam, Netherlands, the A&F Shanghai, China locations as well as the A&F 5th Avenue, New York City

(3) Includes the Hollister 5th Avenue, New York City and the A&F Ginza, Japan locations.





# Q4 2021 AND FULL YEAR RESULTS

# CEO COMMENTARY

Q4 2021 AND  
FULL YEAR RESULTS

“2021 is a testament to the fundamental changes we have made to strengthen our foundation and improve our profitability. For the year, we delivered: Net sales of \$3.7 billion with 47% digital penetration; a double-digit AUR growth rate; reported and adjusted operating income of \$343 million and \$355 million, respectively, roughly 330% above 2019 levels; and a 9.6% adjusted operating margin, our highest in over a decade. In addition, by returning cash to shareholders through share repurchases, we reduced our ending share count by 15%.”

“We are pleased with our recent performance. Following inventory receipt delays that impacted the peak holiday selling period, sales trends initially improved as product began to arrive. While mid-January was impacted by the Omicron surge, sales rebounded in late January as cases fell and new assortments set. Momentum has continued quarter-to-date, with an acceleration in the sales trend from total fourth quarter levels. Importantly, response to early spring assortments has been strong, and we do not anticipate significant inventory supply issues for the remainder of the quarter.”

“Looking ahead, we will continue to thoughtfully manage the business to support long-term growth leveraging our multi-year investments in systems, processes and tools across digital, technology and data and analytics. We look forward to sharing more details on our three-year plan at our June Investor Day.”

**FRAN HOROWITZ, CHIEF EXECUTIVE OFFICER**

# NET INCOME (LOSS) PER SHARE

**Q4 2021 RESULTS**

## SIGNIFICANT ITEMS IMPACTING RESULTS

- Net sales for the fourth quarter and full year increased 4% and 19%, respectively, as compared to last year, with full year increases in stores and digital sales.
- Gross profit rate for the fourth quarter declined 220 basis points as compared to last year to 58.3%, driven by higher average unit cost from freight inflation partially offset by higher average unit retail on lower promotions. Full year gross margin increased 180 basis points to 62.3% driven by higher average unit retail on lower promotions.
- Store occupancy expense for the fourth quarter increased by \$9M and for the full year decreased \$68M, as compared to last year, with the full year reflecting a decrease in store count and favorable rent negotiations.
- Marketing expense for the fourth quarter and full year increased \$33M and \$89M, respectively, including digital sales marketing, reflecting the company's initiatives to make strategic investments across marketing.
- Asset impairment charges for the fourth quarter and full year of \$2M and \$12M, respectively.

	Q4 2021	Q4 2020	FY 2021	FY 2020
<b>GAAP</b>	\$ 1.12	\$ 1.27	\$ 4.20	\$ (1.82)
EXCLUDED ITEMS, NET OF TAX EFFECT <sup>(1)</sup>	(0.03)	(0.23)	(0.15)	(1.10)
<b>ADJUSTED NON-GAAP</b>	<b>\$1.14</b>	<b>\$1.50</b>	<b>\$4.35</b>	<b>\$(0.73)</b>
IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES <sup>(2)</sup>	—	(0.01)	—	0.01
<b>ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS</b>	<b>\$1.14</b>	<b>\$1.51</b>	<b>\$4.35</b>	<b>\$(0.74)</b>

<sup>(1)</sup> Adjusted non-GAAP results exclude the effect of certain items set out of page 32.

<sup>(2)</sup> The estimated impact from foreign currency is calculated by applying current period exchange rates to prior year results using a 26% tax rate.

# NET SALES

Q4 2021 RESULTS

## TOTAL COMPANY NET SALES UP 4% TO \$1.2B

Q4 2021 DIGITAL SALES OF \$556M, OR 48% OF TOTAL NET SALES

**HOLLISTER**  
**\$669M**

UP 2% TO LAST YEAR  
57.6% OF TOTAL NET SALES

**ABERCROMBIE**  
**\$493M**

UP 6% TO LAST YEAR  
42.4% OF TOTAL NET SALES

**UNITED STATES**  
**\$842M**

UP 7% TO LAST YEAR  
72.5% OF TOTAL NET SALES

**EMEA**  
**\$226M**

DOWN 4% TO LAST YEAR  
19.5% OF TOTAL NET SALES

**APAC**  
**\$46M**

DOWN 21% TO LAST YEAR  
4.0% OF TOTAL NET SALES

**OTHER**  
**\$47M**

UP 19% TO LAST YEAR  
4.1% OF TOTAL NET SALES

# NET SALES

FULL YEAR RESULTS

## TOTAL COMPANY NET SALES UP 19% TO \$3.7B

FULL YEAR DIGITAL SALES OF ROUGHLY \$1.7B, OR 47% OF TOTAL NET SALES

**HOLLISTER**  
**\$2.1B**

UP 17% TO LAST YEAR  
57.9% OF TOTAL NET SALES

**ABERCROMBIE**  
**\$1.6B**

UP 21% TO LAST YEAR  
42.1% OF TOTAL NET SALES

**UNITED STATES**  
**\$2.7B**

UP 25% TO LAST YEAR  
71.4% OF TOTAL NET SALES

**EMEA**  
**\$755M**

UP 6% TO LAST YEAR  
20.3% OF TOTAL NET SALES

**APAC**  
**\$172M**

DOWN 3% TO LAST YEAR  
4.6% OF TOTAL NET SALES

**OTHER**  
**\$134M**

UP 20% TO LAST YEAR  
3.6% OF TOTAL NET SALES

# OPERATING EXPENSE

Q4 2021 RESULTS

## GAAP

<i>(in thousands)</i>	Q4 2021	% OF NET SALES	Q4 2020	% OF NET SALES	Δ BPS <sup>(3)</sup>
<b>STORE OCCUPANCY <sup>(1)</sup></b>	\$112,591	9.7%	\$103,657	9.2%	50
<b>ALL OTHER <sup>(2)</sup></b>	322,538	27.8%	309,170	27.6%	20
<b>STORES AND DISTRIBUTION</b>	435,129	37.5%	412,827	36.8%	70
<b>MARKETING, GENERAL &amp; ADMINISTRATIVE</b>	145,686	12.5%	137,334	12.2%	30
<b>FLAGSHIP STORE EXIT CHARGES</b>	24	0.0%	854	0.1%	(10)
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	1,901	0.2%	15,597	1.4%	(120)
<b>TOTAL</b>	<b>\$582,740</b>	<b>50.2%</b>	<b>\$566,612</b>	<b>50.5%</b>	<b>(30)</b>

## NON-GAAP\*

<i>(in thousands)</i>	Q4 2021	% OF NET SALES	Q4 2020	% OF NET SALES	Δ BPS <sup>(3)</sup>
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<b>FLAGSHIP STORE EXIT CHARGES</b>	24	0.0%	854	0.1%	(10)
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	—	0.0%	—	0.0%	—
<b>TOTAL</b>	<b>\$580,839</b>	<b>50.0%</b>	<b>\$551,015</b>	<b>49.1%</b>	<b>90</b>

\* Q4 non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 32.

(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, digital marketing, and distribution center costs.

(3) Rounded based on reported percentages.

# OPERATING EXPENSE

**FULL YEAR RESULTS**

## GAAP

<i>(in thousands)</i>	2021	% OF NET SALES	2020	% OF NET SALES	Δ BPS <sup>(3)</sup>
<b>STORE OCCUPANCY <sup>(1)</sup></b>	\$428,764	11.5%	\$496,269	15.9%	(440)
<b>ALL OTHER <sup>(2)</sup></b>	1,000,712	27.0%	895,315	28.6%	(160)
<b>STORES AND DISTRIBUTION</b>	1,429,476	38.5%	1,391,584	44.5%	(600)
<b>MARKETING, GENERAL &amp; ADMINISTRATIVE</b>	536,815	14.5%	463,843	14.8%	(30)
<b>FLAGSHIP STORE EXIT (BENEFITS) CHARGES</b>	(1,153)	0.0%	(11,636)	(0.4)%	40
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	12,100	0.3%	72,937	2.3%	(200)
<b>TOTAL</b>	<b>\$1,977,238</b>	<b>53.3%</b>	<b>\$1,916,728</b>	<b>61.3%</b>	<b>(800)</b>

## NON-GAAP\*

<i>(in thousands)</i>	2021	% OF NET SALES	2020	% OF NET SALES	Δ BPS <sup>(3)</sup>
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<b>FLAGSHIP STORE EXIT (BENEFITS) CHARGES</b>	(1,153)	0.0%	(11,636)	(0.4)%	40
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	—	0.0%	—	0.0%	—
<b>TOTAL</b>	<b>\$1,965,138</b>	<b>52.9%</b>	<b>\$1,843,791</b>	<b>59.0%</b>	<b>(610)</b>

\* Non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 32.

(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, digital marketing, and distribution center costs.

(3) Rounded based on reported percentages.

# INCOME STATEMENT

Q4 2021 AND  
FULL YEAR RESULTS

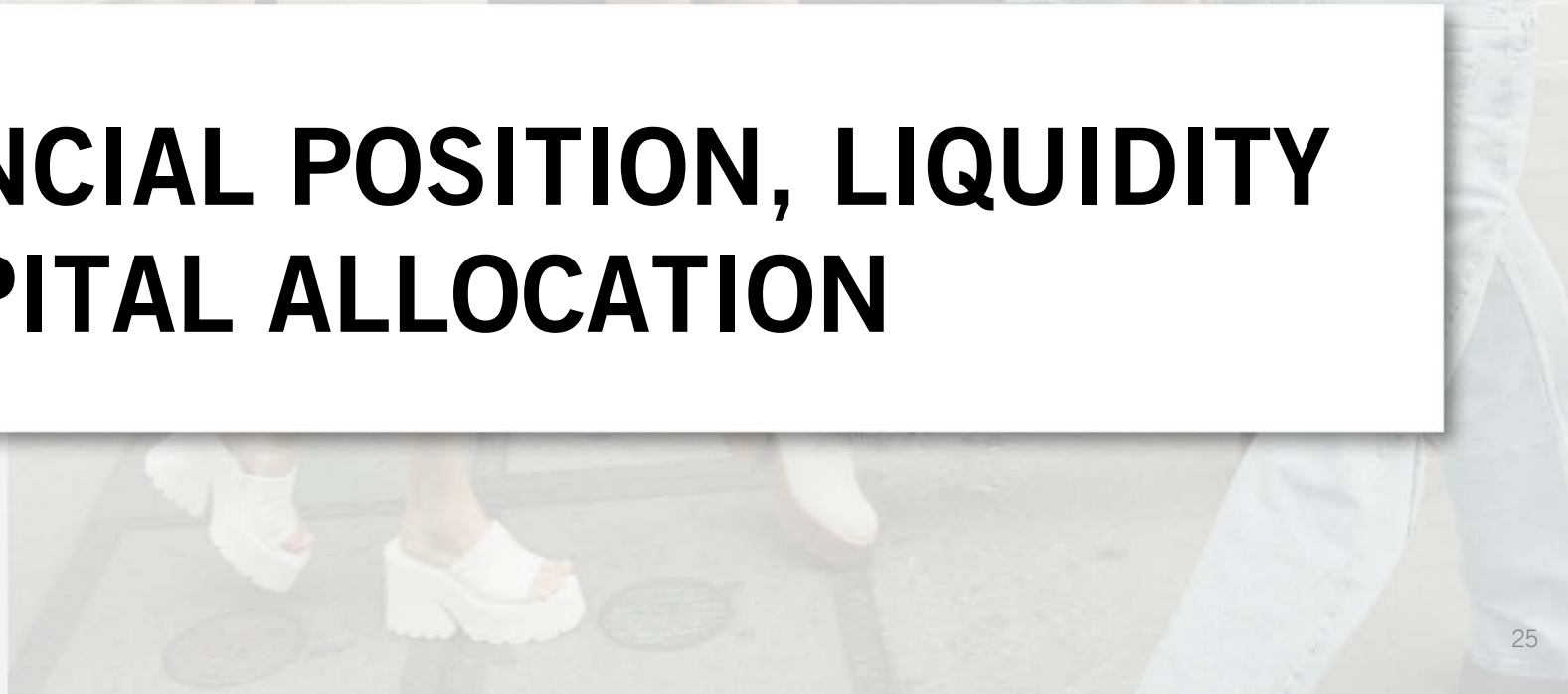
	Q4 GAAP				FULL YEAR GAAP				
	(in thousands)	Q4 2021	% OF NET SALES	Q4 2020	% OF NET SALES	2021	% OF NET SALES	2020	% OF NET SALES
<b>NET SALES</b>		\$1,161,353	100.0%	\$1,122,044	100.0%	\$3,712,768	100.0%	\$3,125,384	100.0%
<b>GROSS PROFIT <sup>(1)</sup></b>		677,132	58.3%	679,019	60.5%	2,311,995	62.3%	1,891,205	60.5%
<b>OPERATING EXPENSE</b>		582,740	50.2%	566,612	50.5%	1,977,238	53.3%	1,916,728	61.3%
<b>OTHER OPERATING INCOME, NET</b>		(3,741)	(0.3)%	(3,492)	(0.3)%	(8,327)	(0.2)%	(5,054)	(0.2)%
<b>OPERATING INCOME (LOSS)</b>		98,133	8.4%	115,899	10.3%	343,084	9.2%	(20,469)	(0.7)%
<b>INTEREST EXPENSE, NET</b>		6,959	0.6%	8,997	0.8%	34,110	0.9%	28,274	0.9%
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>		91,174	7.9%	106,902	9.5%	308,974	8.3%	(48,743)	(1.6)%
<b>INCOME TAX EXPENSE</b>		23,348	2.0%	21,646	1.9%	38,908	1.0%	60,211	1.9%
<b>NET INCOME (LOSS)</b>		\$65,509	5.6%	\$82,392	7.3%	\$263,010	7.1%	\$(114,021)	(3.6)%
<b>NET INCOME (LOSS) PER SHARE</b>									
<b>BASIC</b>		\$1.18		\$1.32		\$4.41		\$(1.82)	
<b>DILUTED</b>		\$1.12		\$1.27		\$4.20		\$(1.82)	
<b>WEIGHTED-AVERAGE SHARES</b>									
<b>BASIC</b>		55,740		62,581		59,597		62,551	
<b>DILUTED</b>		58,700		64,788		62,636		62,551	

<sup>(1)</sup> Gross profit is derived from cost of sales, exclusive of depreciation and amortization.





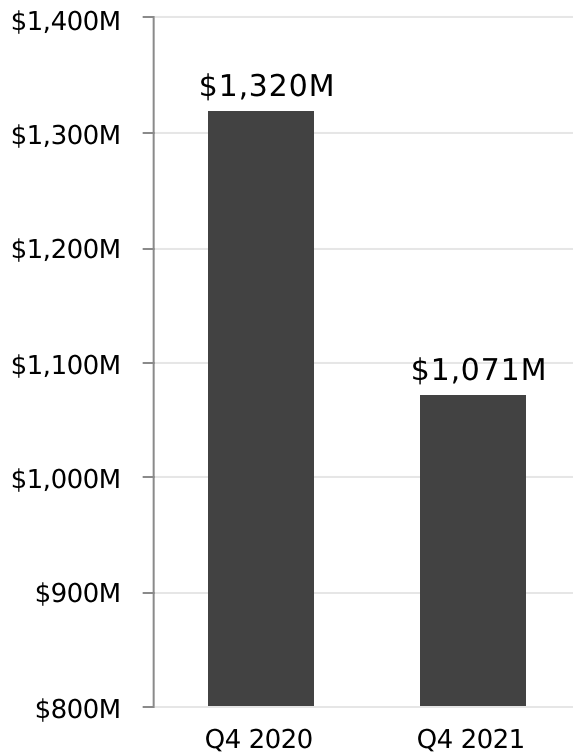
# FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION



# FINANCIAL POSITION AND LIQUIDITY SUMMARY

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

## LIQUIDITY\*



## CASH & EQUIVALENTS

\$823M AS COMPARED TO \$1,105M LAST YEAR

## SHORT-TERM BORROWINGS

NO BORROWINGS OUTSTANDING UNDER ABL FACILITY  
 \$248M OF BORROWING AVAILABLE UNDER ABL FACILITY

## GROSS LONG-TERM BORROWINGS

\$308M OUTSTANDING AS COMPARED TO \$350M LAST YEAR

## INVENTORIES

\$526M UP 30% FROM LAST YEAR DUE TO HIGHER IN-TRANSIT AND FREIGHT COST; UNITS ON HAND APPROXIMATELY FLAT TO LAST YEAR

\* Liquidity is comprised of cash and equivalents and borrowing available under the ABL Facility.

# CASH FLOW SUMMARY

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

(in thousands)	FULL YEAR ENDED	
	JANUARY 29, 2022	JANUARY 30, 2021
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$273,997	\$404,918
NET CASH USED FOR INVESTING ACTIVITIES	\$(96,979)	\$(51,910)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$(446,898)	\$69,717

(in thousands)	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW <sup>(2)</sup>
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
FY 2021	\$273,997	\$96,979	\$177,018

(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.

# BALANCE SHEET

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

(in thousands)	JANUARY 29, 2022	JANUARY 30, 2021
CASH AND EQUIVALENTS	\$823,139	\$1,104,862
RECEIVABLES	69,102	83,857
INVENTORIES	525,864	404,053
OTHER CURRENT ASSETS	89,654	68,857
<b>TOTAL CURRENT ASSETS</b>	<b>\$1,507,759</b>	<b>\$1,661,629</b>
PROPERTY AND EQUIPMENT, NET	508,336	550,587
OPERATING LEASE RIGHT-OF-USE ASSETS	698,231	893,989
OTHER ASSETS	225,165	208,697
<b>TOTAL ASSETS</b>	<b>\$2,939,491</b>	<b>\$3,314,902</b>
ACCOUNTS PAYABLE	\$374,829	\$289,396
ACCRUED EXPENSES	395,815	396,365
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	222,823	248,846
INCOME TAXES PAYABLE	21,773	24,792
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$1,015,240</b>	<b>\$959,399</b>
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	697,264	957,588
LONG-TERM BORROWINGS, NET	303,574	343,910
OTHER LIABILITIES	86,089	104,693
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$1,086,927</b>	<b>\$1,406,191</b>
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	826,090	936,628
NONCONTROLLING INTEREST	11,234	12,684
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$837,324</b>	<b>\$949,312</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$2,939,491</b>	<b>\$3,314,902</b>

# SHARE REPURCHASES AND DIVIDENDS

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

The Company repurchased approximately 4.1 million shares during the fourth quarter and 10.2 million for the full year, returning \$377 million to shareholders through share repurchases, and has \$358 million remaining on the share repurchase authorization established in November 2021.

<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
<b>FY 2016</b>	—	\$—	\$—	\$54,066	\$54,066
<b>FY 2017</b>	—	\$—	\$—	\$54,392	\$54,392
<b>FY 2018</b>	2,932	\$68,670	\$23.42	\$53,714	\$122,384
<b>FY 2019</b>	3,957	\$63,542	\$16.06	\$51,510	\$115,052
<b>FY 2020</b>	1,397	\$15,172	\$10.86	\$12,556	\$27,728
<b>FY 2021</b>	10,200	\$377,290	\$36.99	\$—	\$377,290

<i>(in thousands)</i>	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>ENDING SHARES OUTSTANDING</b>	67,758	68,195	66,227	62,786	62,399	52,985

# STATEMENT OF CASH FLOWS

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

(in thousands)	YEAR TO DATE PERIOD ENDED	
	January 29, 2022	January 30, 2021
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES <sup>(1)</sup></b>	<b>\$273,997</b>	<b>\$404,918</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(96,979)	(101,910)
WITHDRAWAL OF RABBI TRUST ASSETS <sup>(1)</sup>	—	50,000
<b>NET CASH USED FOR INVESTING ACTIVITIES <sup>(1)</sup></b>	<b>\$(96,979)</b>	<b>\$(51,910)</b>
PROCEEDS FROM ISSUANCE OF SENIOR SECURED NOTES	—	350,000
PURCHASE OF SENIOR SECURED NOTES	(46,969)	—
PROCEEDS FROM BORROWINGS UNDER THE ABL FACILITY	—	210,000
REPAYMENT OF TERM LOAN FACILITY BORROWINGS	—	(233,250)
REPAYMENT OF ABL FACILITY BORROWINGS	—	(210,000)
PAYMENT OF DEBT ISSUANCE COSTS AND FEES	(2,016)	(7,318)
PURCHASES OF COMMON STOCK	(377,290)	(15,172)
DIVIDENDS PAID	—	(12,556)
OTHER FINANCING ACTIVITIES	(20,623)	(11,987)
<b>NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$(446,898)</b>	<b>\$69,717</b>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH	(19,909)	9,168
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS</b>	<b>\$(289,789)</b>	<b>\$431,893</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>\$1,124,157</b>	<b>\$692,264</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, END OF PERIOD</b>	<b>\$834,368</b>	<b>\$1,124,157</b>



# APPENDIX



# EXCLUDED ITEMS

## APPENDIX

<i>(in thousands)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>ASSET IMPAIRMENT</b>	\$2,664	\$786	\$6,749	\$1,901	\$12,100
<b>TAX EFFECT <sup>(1)</sup></b>	(449)	(224)	(1,375)	(373)	(2,421)
<b>TOTAL EXCLUDED ITEMS</b>	\$2,215	\$562	\$5,374	\$1,528	\$9,679

<i>(in thousands)</i>	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
<b>ASSET IMPAIRMENT</b>	\$42,928	\$8,083	\$6,329	\$—	\$57,340
<b>TAX EFFECT <sup>(1)</sup></b>	(4,432)	1,166	(369)	—	—
<b>TOTAL EXCLUDED ITEMS</b>	\$38,496	\$9,249	\$5,960	\$—	\$57,340

<sup>(1)</sup> The tax effect of excluded items is the difference between the tax provision calculation on a GAAP basis and an adjusted non-GAAP basis.



# Q4 RECONCILIATION OF ADJUSTED NON-GAAP RESULTS

## APPENDIX

	Q4 2021 GAAP	EXCLUDED ITEMS	Q4 2021 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$1,901	\$1,901	\$—
OPERATING INCOME	98,133	(1,901)	100,034
INCOME BEFORE INCOME TAXES	91,174	(1,901)	93,075
INCOME TAX EXPENSE <sup>(1)</sup>	23,348	(373)	23,721
NET INCOME	\$65,509	\$(1,528)	\$67,037
NET INCOME PER DILUTED SHARE	\$1.12	\$(0.03)	\$1.14
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	58,700		58,700
	Q4 2020 GAAP	EXCLUDED ITEMS	Q4 2020 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$15,597	\$15,597	\$—
OPERATING INCOME	115,899	(15,597)	131,496
INCOME BEFORE INCOME TAXES	106,902	(15,597)	122,499
INCOME TAX EXPENSE <sup>(1)</sup>	21,646	(664)	22,310
NET INCOME	\$82,392	\$(14,933)	\$97,325
NET INCOME PER DILUTED SHARE	\$1.27	\$(0.23)	\$1.50
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	64,788		64,788

<sup>(1)</sup> The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

# FULL YEAR RECONCILIATION OF ADJUSTED NON-GAAP RESULTS

## APPENDIX

	FY 2021 GAAP	EXCLUDED ITEMS	FY 2021 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$12,100	\$12,100	\$—
OPERATING INCOME	343,084	(12,100)	355,184
INCOME BEFORE INCOME TAXES	308,974	(12,100)	321,074
INCOME TAX EXPENSE <sup>(1)</sup>	38,908	(2,421)	41,329
<b>NET INCOME</b>	<b>\$263,010</b>	<b>\$(9,679)</b>	<b>\$272,689</b>
NET INCOME PER DILUTED SHARE	\$4.20	\$(0.15)	\$4.35
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	62,636		62,636
	FY 2020 GAAP	EXCLUDED ITEMS	FY 2020 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$72,937	\$72,937	\$—
OPERATING (LOSS) INCOME	(20,469)	(72,937)	52,468
(LOSS) INCOME BEFORE INCOME TAXES	(48,743)	(72,397)	23,654
INCOME TAX EXPENSE <sup>(1)</sup>	60,211	(4,299)	64,510
<b>NET LOSS</b>	<b>\$(114,021)</b>	<b>\$(68,638)</b>	<b>\$(45,383)</b>
NET LOSS PER DILUTED SHARE	\$(1.82)	\$(1.10)	\$(0.73)
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	62,551		62,551

<sup>(1)</sup> The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

# Q4 RECONCILIATION OF CONSTANT CURRENCY RESULTS

## APPENDIX

NET SALES	Q4 2021	Q4 2020	Δ %
GAAP	\$1,161,353	\$1,122,044	4%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	(6,591)	(1)%
NON-GAAP CONSTANT CURRENCY BASIS	\$1,161,353	\$1,115,453	4%
GROSS PROFIT	Q4 2021	Q4 2020	Δ BPS <sup>(2)</sup>
GAAP	\$677,132	\$679,019	(220)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	(3,996)	0
NON-GAAP CONSTANT CURRENCY BASIS	\$677,132	\$675,023	(220)
OPERATING INCOME	Q4 2021	Q4 2020	Δ BPS <sup>(2)</sup>
GAAP	\$98,133	\$115,899	(190)
EXCLUDED ITEMS <sup>(3)</sup>	(1,901)	(15,597)	120
ADJUSTED NON-GAAP	\$100,034	\$131,496	(310)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	(151)	(10)
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$100,034	\$131,647	(320)
NET INCOME PER DILUTED SHARE	Q4 2021	Q4 2020	Δ \$
GAAP	\$1.12	\$1.27	\$(0.15)
EXCLUDED ITEMS, NET OF TAX <sup>(3)</sup>	(0.03)	(0.23)	0.20
ADJUSTED NON-GAAP	\$1.14	\$1.50	\$(0.36)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	(0.01)	0.01
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$1.14	\$1.51	\$(0.37)

<sup>(1)</sup> 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.

<sup>(2)</sup> The estimated basis point impact has been rounded based on the percentage change.

<sup>(3)</sup> Excludes the effect of certain items set out on page 32.

# FULL YEAR RECONCILIATION OF CONSTANT CURRENCY RESULTS

## APPENDIX

NET SALES	FY 2021	FY 2020	Δ %
GAAP	\$3,712,768	\$3,125,384	19%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	25,927	1%
NON-GAAP CONSTANT CURRENCY BASIS	\$3,712,768	\$3,151,311	18%
GROSS PROFIT	FY 2021	FY 2020	Δ BPS <sup>(2)</sup>
GAAP	\$2,311,995	\$1,891,205	180
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	13,865	0
NON-GAAP CONSTANT CURRENCY BASIS	\$2,311,995	\$1,905,070	180
OPERATING (LOSS) INCOME	FY 2021	FY 2020	Δ BPS <sup>(2)</sup>
GAAP	\$343,084	\$(20,469)	990
EXCLUDED ITEMS <sup>(3)</sup>	(12,100)	(72,937)	200
ADJUSTED NON-GAAP	\$355,184	\$52,468	790
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	1,399	10
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$355,184	\$51,069	800
NET (LOSS) INCOME PER DILUTED SHARE	FY 2021	FY 2020	Δ \$
GAAP	\$4.20	\$(1.82)	\$6.02
EXCLUDED ITEMS, NET OF TAX <sup>(3)</sup>	(0.15)	(1.10)	0.95
ADJUSTED NON-GAAP	\$4.35	\$(0.73)	\$5.08
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup>	—	0.01	(0.01)
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$4.35	\$(0.74)	\$5.09

<sup>(1)</sup> 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.

<sup>(2)</sup> The estimated basis point impact has been rounded based on the percentage change.

<sup>(3)</sup> Excludes the effect of certain items set out on page 32.



# Abercrombie & Fitch Co.

Abercrombie & Fitch

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GILLY HICKS

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