

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	July 29, 2023	% of Net Sales	July 30, 2022	% of Net Sales
Net sales	\$ 935,345	100.0 %	\$ 805,091	100.0 %
Cost of sales, exclusive of depreciation and amortization	350,965	37.5 %	339,200	42.1 %
Gross profit	584,380	62.5 %	465,891	57.9 %
Stores and distribution expense	352,730	37.7 %	340,791	42.3 %
Marketing, general and administrative expense	144,502	15.4 %	124,168	15.4 %
Asset impairment	—	— %	2,170	0.3 %
Other operating (income) expense, net	(2,694)	(0.3)%	953	0.1 %
Operating income (loss)	89,842	9.6 %	(2,191)	(0.3)%
Interest expense, net	1,097	0.1 %	6,917	0.9 %
Income (loss) before income taxes	88,745	9.5 %	(9,108)	(1.1)%
Income tax expense	30,014	3.2 %	5,634	0.7 %
Net income (loss)	58,731	6.3 %	(14,742)	(1.8)%
Less: Net income attributable to noncontrolling interests	1,837	0.2 %	2,092	0.3 %
Net income (loss) attributable to A&F	<u>\$ 56,894</u>	6.1 %	<u>\$ (16,834)</u>	(2.1)%
Net income (loss) per share attributable to A&F				
Basic	\$ 1.13		\$ (0.33)	
Diluted	\$ 1.10		\$ (0.33)	
Weighted-average shares outstanding:				
Basic	50,322		50,441	
Diluted	51,548		50,441	

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	Twenty-Six Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2023	% of Net Sales	July 30, 2022	% of Net Sales
Net sales	\$ 1,771,339	100.0 %	\$ 1,617,853	100.0 %
Cost of sales, exclusive of depreciation and amortization	677,165	38.2 %	702,416	43.4 %
Gross profit	1,094,174	61.8 %	915,437	56.6 %
Stores and distribution expense	684,343	38.6 %	678,334	41.9 %
Marketing, general and administrative expense	287,133	16.2 %	246,317	15.2 %
Asset impairment	4,436	0.3 %	5,592	0.3 %
Other operating income, net	(5,588)	(0.3)%	(2,889)	(0.2)%
Operating income (loss)	123,850	7.0 %	(11,917)	(0.7)%
Interest expense, net	4,540	0.3 %	14,224	0.9 %
Income (loss) before income taxes	119,310	6.7 %	(26,141)	(1.6)%
Income tax expense	42,732	2.4 %	3,447	0.2 %
Net income (loss)	76,578	4.3 %	(29,588)	(1.8)%
Less: Net income attributable to noncontrolling interests	3,113	0.2 %	3,715	0.2 %
Net income (loss) attributable to A&F.	<u>\$ 73,465</u>	4.1 %	<u>\$ (33,303)</u>	(2.1)%
Net income (loss) per share attributable to A&F				
Basic	\$ 1.47		\$ (0.65)	
Diluted	\$ 1.43		\$ (0.65)	
Weighted-average shares outstanding:				
Basic	49,952		51,262	
Diluted	51,535		51,262	

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
Twenty-Six Weeks Ended July 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	123,850	(4,436)	128,286
Income before income taxes	119,310	(4,436)	123,746
Income tax expense ⁽³⁾	42,732	(1,207)	43,939
Net income attributable to A&F	\$ 73,465	\$ (3,229)	\$ 76,694
Net income per diluted share attributable to A&F	\$ 1.43	\$ (0.06)	\$ 1.49
Diluted weighted-average shares outstanding:	51,535		51,535

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

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽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 A&F	\$ (33,303)	\$ (4,063)	\$ (29,240)
Net loss per diluted share attributable to A&F	\$ (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.
Reconciliation of Constant Currency Financial Measures
Thirteen Weeks Ended July 29, 2023 and July 30, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2023	2022	% Change
Net sales			
GAAP ⁽¹⁾	\$ 935,345	\$ 805,091	16%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	2,873	—%
Net sales on a constant currency basis	\$ 935,345	\$ 807,964	16%
Gross profit			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 584,380	\$ 465,891	460
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(2,977)	60
Gross profit on a constant currency basis	\$ 584,380	\$ 462,914	520
Operating income (loss)			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 89,842	\$ (2,191)	990
Excluded items ⁽⁴⁾	—	(2,170)	30
Adjusted non-GAAP	\$ 89,842	\$ (21)	960
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(971)	10
Adjusted non-GAAP constant currency basis	\$ 89,842	\$ (992)	970
Net income (loss) attributable to A&F			
	2023	2022	\$ Change
GAAP ⁽¹⁾	\$ 1.10	\$ (0.33)	\$1.43
Excluded items, net of tax ⁽⁴⁾	—	(0.03)	0.03
Adjusted non-GAAP	\$ 1.10	\$ (0.30)	\$1.40
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.02)	0.02
Adjusted non-GAAP constant currency basis	\$ 1.10	\$ (0.32)	\$1.42

⁽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 \$2.2 million pre-tax store asset impairment charges for the prior year.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Geography and Brand
Thirteen Weeks Ended July 29, 2023 and July 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 segment: ⁽²⁾						
Americas	\$ 731,427	\$ 613,244	\$ (1,174)	\$ 612,070	19%	19%
EMEA	171,962	164,827	5,306	170,133	4%	1%
APAC	31,956	27,020	(1,259)	25,761	18%	24%
Total company	\$ 935,345	\$ 805,091	\$ 2,873	\$ 807,964	16%	16%

	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 ⁽³⁾	462,711	368,157	(71)	368,086	26%	26%
Hollister ⁽⁴⁾	\$ 472,634	\$ 436,934	\$ 2,944	\$ 439,878	8%	7%
Total company	\$ 935,345	\$ 805,091	\$ 2,873	\$ 807,964	16%	16%

⁽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⁾ Net sales by segment 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.

⁽³⁾ For purposes of the above table, Abercrombie includes the Abercrombie & Fitch and abercrombie kids brands.

⁽⁴⁾ For purposes of the above table, Hollister includes the Hollister, Gilly Hicks and Social Tourist brands.

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

	July 29, 2023	January 28, 2023	July 30, 2022
Assets			
Current assets:			
Cash and equivalents	\$ 617,339	\$ 517,602	\$ 369,957
Receivables	112,597	104,506	79,820
Inventories	493,479	505,621	708,024
Other current assets	87,850	100,289	104,887
Total current assets	1,311,265	1,228,018	1,262,688
Property and equipment, net	553,680	551,585	511,181
Operating lease right-of-use assets	714,977	723,550	740,627
Other assets	216,792	209,947	219,598
Total assets	<u>\$ 2,796,714</u>	<u>\$ 2,713,100</u>	<u>\$ 2,734,094</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 323,197	\$ 258,895	\$ 408,297
Accrued expenses	375,544	413,303	342,690
Short-term portion of operating lease liabilities	191,700	213,979	202,699
Income taxes payable	46,039	16,023	5,582
Total current liabilities	936,480	902,200	959,268
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 692,046	\$ 713,361	\$ 714,265
Long-term borrowings, net	297,385	296,852	304,219
Other liabilities	92,019	94,118	83,415
Total long-term liabilities	1,081,450	1,104,331	1,101,899
Total Abercrombie & Fitch Co. stockholders' equity	768,306	694,841	661,788
Noncontrolling interests	10,478	11,728	11,139
Total stockholders' equity	778,784	706,569	672,927
Total liabilities and stockholders' equity	<u>\$ 2,796,714</u>	<u>\$ 2,713,100</u>	<u>\$ 2,734,094</u>

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

	Twenty-Six Weeks Ended	
	July 29, 2023	July 30, 2022
Operating activities		
Net cash provided by (used for) operating activities	\$ 216,328	\$ (259,733)
Investing activities		
Purchases of property and equipment	\$ (89,780)	\$ (59,582)
Proceeds from sale of property and equipment	—	7,972
Net cash used for investing activities	\$ (89,780)	\$ (51,610)
Financing activities		
Payment of debt modification costs and fees	(17)	—
Purchases of common stock	—	(117,775)
Other financing activities	(23,325)	(17,649)
Net cash used for financing activities	\$ (23,342)	\$ (135,424)
Effect of foreign currency exchange rates on cash	\$ (3,672)	\$ (7,567)
Net increase (decrease) in cash and equivalents, and restricted cash and equivalents	\$ 99,534	\$ (454,334)
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>\$ 627,103</u>	<u>\$ 380,034</u>

Abercrombie & Fitch Co.
Financial Information
(Unaudited)
(in thousands, except per share data)

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023		
				Q1	Q2	Q3	Q4		Q1	Q2	2023
Net sales	\$3,623,073	\$ 3,125,384	\$ 3,712,768	\$ 812,762	\$ 805,091	\$ 880,084	\$ 1,199,814	\$ 3,697,751	\$ 835,994	\$ 935,345	\$1,771,339
Cost of sales, exclusive of depreciation and amortization	1,472,155	1,234,179	1,400,773	363,216	339,200	359,268	531,529	1,593,213	326,200	350,965	677,165
Gross profit	2,150,918	1,891,205	2,311,995	449,546	465,891	520,816	668,285	2,104,538	509,794	584,380	1,094,174
Stores and distribution expense	1,598,500	1,379,948	1,428,323	337,543	340,791	367,333	437,264	1,482,931	331,613	352,730	684,343
Marketing, general and administrative expense	464,615	463,843	536,815	122,149	124,168	133,201	138,084	517,602	142,631	144,502	287,133
Asset impairment	19,135	72,937	12,100	3,422	2,170	3,744	4,695	14,031	4,436	—	4,436
Other operating (income) loss, net	(1,400)	(5,054)	(8,327)	(3,842)	953	(1,005)	1,220	(2,674)	(2,893)	(2,694)	(5,586)
Operating income (loss)	70,068	(20,469)	343,084	(9,726)	(2,191)	17,543	87,022	92,648	34,007	89,842	123,850
Interest expense, net	7,737	28,274	34,110	7,307	6,917	7,295	4,113	25,632	3,443	1,097	4,540
Income (loss) before income taxes	62,331	(48,743)	308,974	(17,033)	(9,108)	10,248	82,909	67,016	30,564	88,745	119,310
Income tax expense (benefit)	17,371	60,211	38,908	(2,187)	5,634	10,966	42,218	56,631	12,717	30,014	42,732
Net income (loss)	44,960	(108,654)	270,066	(14,846)	(14,742)	(718)	40,691	10,385	17,847	58,731	76,578
Less: Net income attributable to noncontrolling interests	5,602	5,067	7,056	1,623	2,092	1,496	2,358	7,569	1,276	1,837	3,113
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 39,358</u>	<u>\$ (114,021)</u>	<u>\$ 263,010</u>	<u>\$ (16,469)</u>	<u>\$ (16,834)</u>	<u>\$ (2,214)</u>	<u>\$ 38,333</u>	<u>\$ 2,816</u>	<u>\$ 16,571</u>	<u>\$ 56,894</u>	<u>\$ 73,465</u>
Net income (loss) per share attributable to Abercrombie & Fitch Co.:											
Basic	\$0.61	\$(1.82)	\$4.41	\$(0.32)	\$(0.33)	\$(0.04)	\$0.78	\$0.06	\$0.33	\$1.13	\$1.47
Diluted	\$0.60	\$(1.82)	\$4.20	\$(0.32)	\$(0.33)	\$(0.04)	\$0.75	\$0.05	\$0.32	\$1.10	\$1.43
Weighted-average shares outstanding:											
Basic	64,428	62,551	59,597	52,077	50,441	49,486	49,216	50,307	49,574	50,322	49,952
Diluted	65,778	62,551	62,636	52,077	50,441	49,486	51,217	52,327	51,467	51,548	51,535

Abercrombie & Fitch Co.
Financial Information
(Unaudited)
(in thousands, except per share data)

	2019	2020	2021	2022	<u>Fiscal 2023</u> Q2 YTD
Cash flow and capital allocation:					
Net cash provided by (used for) operating activities	\$ 300,685	\$ 404,918	\$ 277,782	\$ (2,343)	\$ 216,328
Net cash used for investing activities	\$ (202,784)	\$ (51,910)	\$ (96,979)	\$ (140,675)	\$ (89,780)
Net cash (used for) provided by financing activities (YTD)	\$ (147,873)	\$ 69,717	\$ (446,898)	\$ (155,329)	\$ (23,342)
 Capital expenditures	 \$ 202,784	 \$ 101,910	 \$ 96,979	 \$ 164,566	 \$ 89,780
 Number of shares repurchased as part of publicly announced plans or programs	 3,957	 1,397	 10,200	 4,770	 —
Average price per share paid	\$ 16.06	\$ 10.86	\$ 36.99	\$ 26.37	\$ —
 Cost of shares repurchased	 \$ 63,542	 \$ 15,172	 \$ 377,290	 \$ 125,775	 \$ —
Dividends	51,510	12,556	—	—	—
Total	<u>\$ 115,052</u>	<u>\$ 27,728</u>	<u>\$ 377,290</u>	<u>\$ 125,775</u>	<u>\$ —</u>
 Shares outstanding	 62,786	 62,399	 52,985	 49,002	 50,141

Abercrombie & Fitch Co.
Financial Information
(Unaudited)

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023		
				Q1	Q2	Q3	Q4		Q1	Q2	2023
Operating segment comparable sales											
Americas ⁽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>	14%	9%
EMEA ⁽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>	6%	2%
APAC ⁽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>	26%	25%
Comparable sales ⁽¹⁾	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>	3%	13%	8%
Branded comparable sales											
Abercrombie comparable sales ⁽¹⁾⁽²⁾	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>	14%	23%	19%
Hollister 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>	-3%	5%	-1%
Comparable sales ⁽¹⁾	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>	3%	13%	8%

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

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