

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	May 4, 2024	% of Net Sales	April 29, 2023	% of Net Sales
Net sales	\$ 1,020,730	100.0 %	\$ 835,994	100.0 %
Cost of sales, exclusive of depreciation and amortization	343,273	33.6 %	326,200	39.0 %
Gross profit	677,457	66.4 %	509,794	61.0 %
Stores and distribution expense	371,686	36.4 %	336,049	40.2 %
Marketing, general and administrative expense	177,880	17.4 %	142,631	17.1 %
Other operating income, net	(1,958)	(0.2)%	(2,894)	(0.3)%
Operating income	129,849	12.7 %	34,008	4.1 %
Interest expense	5,780	0.6 %	7,458	0.9 %
Interest income	(10,803)	(1.1)%	(4,015)	(0.5)%
Interest (income) expense, net	(5,023)	(0.5)%	3,443	0.4 %
Income before income taxes	134,872	13.2 %	30,565	3.7 %
Income tax expense	19,794	1.9 %	12,718	1.5 %
Net income	115,078	11.3 %	17,847	2.1 %
Less: Net income attributable to noncontrolling interests	1,228	0.1 %	1,276	0.2 %
Net income attributable to A&F	<u>\$ 113,850</u>	11.2 %	<u>\$ 16,571</u>	2.0 %

Net income per share attributable to A&F

Basic	\$ 2.24	\$ 0.33
Diluted	\$ 2.14	\$ 0.32

Weighted-average shares outstanding:

Basic	50,893	49,574
Diluted	53,276	51,467

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.

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.

In addition, the company provides EBITDA and Adjusted EBITDA as supplemental measures used by the company's executive management to assess the company's performance. We also believe these supplemental performance measures are meaningful information for investors and other interested parties to use in computing the company's core financial performance over multiple periods and with other companies by excluding the impact of differences in tax jurisdictions, debt service levels and capital investment.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Financial Measures
Thirteen Weeks Ended May 4, 2024 and April 29, 2023
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2024	2023	% Change
Net sales			
GAAP ⁽¹⁾	\$ 1,020,730	\$ 835,994	22%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(551)	—%
Net sales on a constant currency basis	\$ 1,020,730	\$ 835,443	22%
Gross profit			
	2024	2023	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 677,457	\$ 509,794	540
Impact from changes in foreign currency exchange rates ⁽²⁾	—	930	(10)
Gross profit on a constant currency basis	\$ 677,457	\$ 510,724	530
Operating income			
	2024	2023	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 129,849	\$ 34,008	860
Excluded items ⁽⁴⁾	—	(4,436)	50
Adjusted non-GAAP	\$ 129,849	\$ 38,444	810
Impact from changes in foreign currency exchange rates ⁽²⁾	—	463	(10)
Adjusted non-GAAP constant currency basis	\$ 129,849	\$ 38,907	800
Net income attributable to A&F			
	2024	2023	\$ Change
GAAP ⁽¹⁾	\$ 2.14	\$ 0.32	\$1.82
Excluded items, net of tax ⁽⁴⁾	—	(0.06)	0.06
Adjusted non-GAAP	\$ 2.14	\$ 0.39	\$1.75
Impact from changes in foreign currency exchange rates ⁽²⁾	—	—	—
Adjusted non-GAAP constant currency basis	\$ 2.14	\$ 0.39	\$1.75

- (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 prior year.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Geography and Brand
Thirteen Weeks Ended May 4, 2024 and April 29, 2023
(in thousands, except percentage changes)
(Unaudited)

	2024		2023		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 ⁽³⁾	\$ 820,121	\$ 665,423	\$ (62)	\$ 665,361	23%	23%
EMEA ⁽⁴⁾	164,778	138,106	1,141	139,247	19%	18%
APAC ⁽⁵⁾	35,831	32,465	(1,630)	30,835	10%	16%
Total company	\$ 1,020,730	\$ 835,994	\$ (551)	\$ 835,443	22%	22%

	2024		2023		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 ⁽⁶⁾	571,513	436,044	(572)	435,472	31%	31%
Hollister ⁽⁷⁾	\$ 449,217	\$ 399,950	\$ 21	\$ 399,971	12%	12%
Total company	\$ 1,020,730	\$ 835,994	\$ (551)	\$ 835,443	22%	22%

⁽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.

⁽²⁾ Net sales by segment are presented by attributing revenues to an individual country on the basis of the segment that fulfills the order.

⁽³⁾ The Americas segment includes the results of operations in North America and South America.

⁽⁴⁾ The EMEA segment includes the results of operations in Europe, the Middle East and Africa.

⁽⁵⁾ The APAC segment includes the results of operations in the Asia-Pacific region, including Asia and Oceania.

⁽⁶⁾ For purposes of the above table, Abercrombie includes Abercrombie & Fitch and abercrombie kids.

⁽⁷⁾ For purposes of the above table, Hollister includes Hollister and Gilly Hicks.

Abercrombie & Fitch Co.
Reconciliation of EBITDA and Adjusted EBITDA
Thirteen Weeks Ended May 4, 2024 and April 29, 2023
(in thousands)
(Unaudited)

	2024	% of Net Sales	2023	% of Net Sales
Net income	\$ 115,078	11.3 %	\$ 17,847	2.1 %
Income tax expense	19,794	1.9	12,718	1.5
Interest (income) expense, net	(5,023)	(0.5)	3,443	0.4
Depreciation and amortization	37,689	3.7	36,028	4.3
EBITDA ⁽¹⁾	<u>\$ 167,538</u>	16.4 %	<u>\$ 70,036</u>	8.4 %
Adjustments to EBITDA				
Asset impairment	—	—	4,436	0.5
Adjusted EBITDA ⁽¹⁾	<u>\$ 167,538</u>	16.4 %	<u>\$ 74,472</u>	8.9 %

⁽¹⁾ EBITDA and Adjusted EBITDA are supplemental financial measures that are not defined or prepared in accordance with GAAP. EBITDA is defined as net income before interest, income taxes and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for asset impairment.

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

	May 4, 2024	February 3, 2024	April 29, 2023
Assets			
Current assets:			
Cash and equivalents	\$ 864,195	\$ 900,884	\$ 446,952
Receivables	93,605	78,346	106,149
Inventories	449,267	469,466	447,806
Other current assets	102,516	88,569	107,684
Total current assets	1,509,583	1,537,265	1,108,591
Property and equipment, net	540,697	538,033	550,810
Operating lease right-of-use assets	699,471	678,256	692,699
Other assets	220,334	220,679	205,978
Total assets	<u>\$ 2,970,085</u>	<u>\$ 2,974,233</u>	<u>\$ 2,558,078</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 266,925	\$ 296,976	\$ 221,587
Accrued expenses	402,786	436,655	340,331
Short-term portion of operating lease liabilities	188,851	179,625	188,520
Income taxes payable	61,137	53,564	19,023
Total current liabilities	919,699	966,820	769,461
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 656,862	\$ 646,624	\$ 682,996
Long-term borrowings, net	213,102	222,119	297,172
Other liabilities	89,252	88,683	97,476
Total long-term liabilities	959,216	957,426	1,077,644
Total Abercrombie & Fitch Co. stockholders' equity	1,078,886	1,035,160	701,857
Noncontrolling interests	12,284	14,827	9,116
Total stockholders' equity	1,091,170	1,049,987	710,973
Total liabilities and stockholders' equity	<u>\$ 2,970,085</u>	<u>\$ 2,974,233</u>	<u>\$ 2,558,078</u>

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

	Thirteen Weeks Ended	
	May 4, 2024	April 29, 2023
Operating activities		
Net cash provided by (used for) operating activities	\$ 95,010	\$ (560)
Investing activities		
Purchases of property and equipment	\$ (38,886)	\$ (46,391)
Net cash used for investing activities	\$ (38,886)	\$ (46,391)
Financing activities		
Purchase of senior secured notes	(9,425)	—
Purchases of common stock	(15,000)	—
Acquisition of common stock for tax withholding obligations	(65,173)	(18,359)
Other financing activities	(3,353)	(3,597)
Net cash used for financing activities	\$ (92,951)	\$ (21,956)
Effect of foreign currency exchange rates on cash	\$ (857)	\$ (1,998)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (37,684)	\$ (70,905)
Cash and equivalents, and restricted cash and equivalents, beginning of period	\$ 909,685	\$ 527,569
Cash and equivalents, and restricted cash and equivalents, end of period	<u>\$ 872,001</u>	<u>\$ 456,664</u>

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

	2022	Fiscal 2023				2023	Fiscal 2024
		Q1	Q2	Q3	Q4		Q1
Net sales	\$ 3,697,751	\$ 835,994	\$ 935,345	\$ 1,056,431	\$ 1,452,907	\$ 4,280,677	\$ 1,020,730
Cost of sales, exclusive of depreciation and amortization	1,593,213	326,200	350,965	370,762	539,338	1,587,265	343,273
Gross profit	2,104,538	509,794	584,380	685,669	913,569	2,693,412	677,457
Stores and distribution expense	1,496,962	336,049	352,730	383,883	499,075	1,571,737	371,686
Marketing, general and administrative expense	517,602	142,631	144,502	162,510	193,234	642,877	177,880
Other operating (income) loss, net	(2,674)	(2,894)	(2,694)	1,256	(1,541)	(5,873)	(1,958)
Operating income	92,648	34,008	89,842	138,020	222,801	484,671	129,849
Interest expense	30,236	7,458	7,635	8,568	6,691	30,352	5,780
Interest income	(4,604)	(4,015)	(6,538)	(7,897)	(11,530)	(29,980)	(10,803)
Interest (income) expense, net	25,632	3,443	1,097	671	(4,839)	372	(5,023)
Income before income taxes	67,016	30,565	88,745	137,349	227,640	484,299	134,872
Income tax expense	56,631	12,718	30,014	39,617	66,537	148,886	19,794
Net income	10,385	17,847	58,731	97,732	161,103	335,413	115,078
Less: Net income attributable to noncontrolling interests	7,569	1,276	1,837	1,521	2,656	7,290	1,228
Net income attributable to Abercrombie & Fitch Co.	\$ 2,816	\$ 16,571	\$ 56,894	\$ 96,211	\$ 158,447	\$ 328,123	\$ 113,850
Net income per share attributable to Abercrombie & Fitch Co.:							
Basic	\$0.06	\$0.33	\$1.13	\$1.91	\$3.13	\$6.53	\$2.24
Diluted	\$0.05	\$0.32	\$1.10	\$1.83	\$2.97	\$6.22	\$2.14
Weighted-average shares outstanding:							
Basic	50,307	49,574	50,322	50,504	50,559	50,250	50,893
Diluted	52,327	51,467	51,548	52,624	53,399	52,726	53,276

Abercrombie & Fitch Co.
Financial Information
(Unaudited)

	Fiscal 2023					Fiscal 2024	
	2022	Q1	Q2	Q3	Q4	2023	Q1
Segment comparable sales ⁽¹⁾							
Americas comparable sales ^{(2) (3)}	<i>Not provided</i>	<i>Not provided</i>	14%	16%	17%	13%	21%
EMEA comparable sales ^{(2) (4)}	<i>Not provided</i>	<i>Not provided</i>	6%	15%	10%	7%	23%
APAC comparable sales ^{(2) (5)}	<i>Not provided</i>	<i>Not provided</i>	26%	32%	21%	26%	22%
Comparable sales ⁽²⁾	<i>Not provided</i>	3 %	13%	16%	16%	13%	21%
Branded comparable sales							
Abercrombie comparable sales ^{(2) (6)}	<i>Not provided</i>	14 %	23%	26%	28%	23%	29%
Hollister comparable sales ^{(2) (7)}	<i>Not provided</i>	(6)%	5%	7%	6%	4%	13%
Comparable sales ⁽²⁾	<i>Not provided</i>	3 %	13%	16%	16%	13%	21%

⁽¹⁾ Net sales by segment are presented by attributing revenues to an individual country on the basis of the segment that fulfills the order.

⁽²⁾ Comparable sales are calculated on a constant currency basis. Refer to "REPORTING AND USE OF GAAP AND NON-GAAP MEASURES," for further discussion. The Company did not provide comparable sales results for fiscal 2022 due to temporary store closures as a result of COVID-19.

⁽³⁾ The Americas segment includes the results of operations in North America and South America.

⁽⁴⁾ The EMEA segment includes the results of operations in Europe, the Middle East and Africa.

⁽⁵⁾ The APAC segment includes the results of operations in the Asia-Pacific region, including Asia and Oceania.

⁽⁶⁾ For purposes of the above table, Abercrombie includes Abercrombie & Fitch and abercrombie kids.

⁽⁷⁾ For purposes of the above table, Hollister includes Hollister and Gilly Hicks.