

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 28, 2023	% of Net Sales	October 29, 2022	% of Net Sales
Net sales	\$ 1,056,431	100.0 %	\$ 880,084	100.0 %
Cost of sales, exclusive of depreciation and amortization	370,762	35.1 %	359,268	40.8 %
Gross profit	685,669	64.9 %	520,816	59.2 %
Stores and distribution expense	383,883	36.3 %	367,333	41.7 %
Marketing, general and administrative expense	162,510	15.4 %	133,201	15.1 %
Asset impairment	—	— %	3,744	0.4 %
Other operating loss (income), net	1,256	0.1 %	(1,005)	(0.1)%
Operating income	138,020	13.1 %	17,543	2.0 %
Interest expense, net	671	0.1 %	7,295	0.8 %
Income before income taxes	137,349	13.0 %	10,248	1.2 %
Income tax expense	39,617	3.8 %	10,966	1.2 %
Net income (loss)	97,732	9.3 %	(718)	(0.1)%
Less: Net income attributable to noncontrolling interests	1,521	0.1 %	1,496	0.2 %
Net income (loss) attributable to A&F	<u>\$ 96,211</u>	9.1 %	<u>\$ (2,214)</u>	(0.3)%
Net income (loss) per share attributable to A&F				
Basic	\$ 1.91		\$ (0.04)	
Diluted	\$ 1.83		\$ (0.04)	
Weighted-average shares outstanding:				
Basic	50,504		49,486	
Diluted	52,624		49,486	

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

	Thirty-Nine Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	% of Net Sales	October 29, 2022	% of Net Sales
Net sales	\$ 2,827,770	100.0 %	\$ 2,497,937	100.0 %
Cost of sales, exclusive of depreciation and amortization	<u>1,047,927</u>	37.1 %	<u>1,061,684</u>	42.5 %
Gross profit	1,779,843	62.9 %	1,436,253	57.5 %
Stores and distribution expense	1,068,226	37.8 %	1,045,667	41.9 %
Marketing, general and administrative expense	449,643	15.9 %	379,518	15.2 %
Asset impairment	4,436	0.2 %	9,336	0.4 %
Other operating income, net	<u>(4,332)</u>	(0.2)%	<u>(3,894)</u>	(0.2)%
Operating income	261,870	9.3 %	5,626	0.2 %
Interest expense, net	<u>5,211</u>	0.2 %	<u>21,519</u>	0.9 %
Income (loss) before income taxes	256,659	9.1 %	(15,893)	(0.6)%
Income tax expense	<u>82,349</u>	2.9 %	<u>14,413</u>	0.6 %
Net income (loss)	174,310	6.2 %	(30,306)	(1.2)%
Less: Net income attributable to noncontrolling interests	<u>4,634</u>	0.2 %	<u>5,211</u>	0.2 %
Net income (loss) attributable to A&F.	<u><u>\$ 169,676</u></u>	6.0 %	<u><u>\$ (35,517)</u></u>	(1.4)%
Net income (loss) per share attributable to A&F				
Basic	\$ 3.38		\$ (0.70)	
Diluted	\$ 3.25		\$ (0.70)	
Weighted-average shares outstanding:				
Basic	50,138		50,673	
Diluted	52,154		50,673	

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, 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
Thirty-Nine Weeks Ended October 28, 2023
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 4,436	4,436	\$ —
Operating income	261,870	(4,436)	266,306
Income before income taxes	256,659	(4,436)	261,095
Income tax expense ⁽³⁾	82,349	(1,207)	83,556
Net income attributable to A&F	\$ 169,676	\$ (3,229)	\$ 172,905
Net income per diluted share attributable to A&F	\$ 3.25	\$ (0.06)	\$ 3.32
Diluted weighted-average shares outstanding:	52,154		52,154

⁽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
Thirty-Nine Weeks Ended October 29, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 9,336	\$ 9,336	\$ —
Operating income	5,626	(9,336)	14,962
Loss before income taxes	(15,893)	(9,336)	(6,557)
Income tax expense ⁽³⁾	14,413	(2,505)	16,918
Net loss attributable to A&F	\$ (35,517)	\$ (6,831)	\$ (28,686)
Net loss per diluted share attributable to A&F	\$ (0.70)	\$ (0.13)	\$ (0.57)
Diluted weighted-average shares outstanding:	50,673		50,673

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

⁽²⁾ Excluded items consist of pre-tax store and other asset impairment charges of \$9.3 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 October 28, 2023 and October 29, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2023	2022	% Change
Net sales			
GAAP ⁽¹⁾	\$ 1,056,431	\$ 880,084	20%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	6,937	(1)%
Net sales on a constant currency basis	\$ 1,056,431	\$ 887,021	19%
Gross profit			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 685,669	\$ 520,816	570
Impact from changes in foreign currency exchange rates ⁽²⁾	—	2,906	20
Gross profit on a constant currency basis	\$ 685,669	\$ 523,722	590
Operating income			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 138,020	\$ 17,543	1,110
Excluded items ⁽⁴⁾	—	(3,744)	40
Adjusted non-GAAP	\$ 138,020	\$ 21,287	1,070
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(4,230)	50
Adjusted non-GAAP constant currency basis	\$ 138,020	\$ 17,057	1,120
Net income (loss) attributable to A&F			
	2023	2022	\$ Change
GAAP ⁽¹⁾	\$ 1.83	\$ (0.04)	\$1.87
Excluded items, net of tax ⁽⁴⁾	—	(0.05)	0.05
Adjusted non-GAAP	\$ 1.83	\$ 0.01	\$1.82
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.06)	0.06
Adjusted non-GAAP constant currency basis	\$ 1.83	\$ (0.05)	\$1.88

⁽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 \$3.7 million pre-tax store and other asset impairment charges for the prior year.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Geography and Brand
Thirteen Weeks Ended October 28, 2023 and October 29, 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	\$ 867,566	\$ 713,860	\$ (545)	\$ 713,315	22%	22%
EMEA	157,976	138,840	8,345	147,185	14%	7%
APAC	30,889	27,384	(863)	26,521	13%	16%
Total company	\$ 1,056,431	\$ 880,084	\$ 6,937	\$ 887,021	20%	19%

	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⁾	547,728	422,332	1,393	423,725	30%	29%
Hollister ⁽⁴⁾	\$ 508,703	\$ 457,752	\$ 5,544	\$ 463,296	11%	10%
Total company	\$ 1,056,431	\$ 880,084	\$ 6,937	\$ 887,021	20%	19%

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

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

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

	October 28, 2023	January 28, 2023	October 29, 2022
Assets			
Current assets:			
Cash and equivalents	\$ 649,489	\$ 517,602	\$ 257,332
Receivables	96,762	104,506	108,468
Inventories	595,067	505,621	741,963
Other current assets	100,085	100,289	112,602
Total current assets	1,441,403	1,228,018	1,220,365
Property and equipment, net	546,935	551,585	542,138
Operating lease right-of-use assets	682,559	723,550	713,166
Other assets	226,749	209,947	218,325
Total assets	<u>\$ 2,897,646</u>	<u>\$ 2,713,100</u>	<u>\$ 2,693,994</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 373,930	\$ 258,895	\$ 322,128
Accrued expenses	402,572	413,303	378,366
Short-term portion of operating lease liabilities	195,025	213,979	211,304
Income taxes payable	55,615	16,023	23,694
Total current liabilities	1,027,142	902,200	935,492
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 658,923	\$ 713,361	\$ 708,512
Long-term borrowings, net	248,033	296,852	296,532
Other liabilities	87,435	94,118	97,393
Total long-term liabilities	994,391	1,104,331	1,102,437
Total Abercrombie & Fitch Co. stockholders' equity	866,108	694,841	646,231
Noncontrolling interests	10,005	11,728	9,834
Total stockholders' equity	876,113	706,569	656,065
Total liabilities and stockholders' equity	<u>\$ 2,897,646</u>	<u>\$ 2,713,100</u>	<u>\$ 2,693,994</u>

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

	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
Operating activities		
Net cash provided by (used for) operating activities	\$ 350,142	\$ (301,194)
Investing activities		
Purchases of property and equipment	\$ (128,601)	\$ (120,282)
Proceeds from sale of property and equipment	615	11,891
Withdrawal of funds from Rabbi Trust assets	—	12,000
Net cash used for investing activities	\$ (127,986)	\$ (96,391)
Financing activities		
Purchase of senior secured notes	(50,933)	(7,862)
Payment of debt modification costs and fees	(180)	(181)
Purchases of common stock	—	(125,775)
Other financing activities	(35,993)	(21,088)
Net cash used for financing activities	\$ (87,106)	\$ (154,906)
Effect of foreign currency exchange rates on cash	\$ (4,491)	\$ (14,871)
Net increase (decrease) in cash and equivalents, and restricted cash and equivalents	\$ 130,559	\$ (567,362)
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	\$ 658,128	\$ 267,006