



Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids

HOLLISTER

GILLY
HICKS

SOCIAL
TOURIST®

INVESTOR PRESENTATION:
SECOND QUARTER 2022

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This presentation and related statements by management or spokespeople of A&F contain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements, including without limitation, statements regarding our third quarter and annual fiscal 2022 results, relate to our current assumptions, projections and expectations about our business and future events. Any such forward-looking statements involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the company's control. The inclusion of such information should not be regarded as a representation by the company, or any other person, that the objectives of the company will be achieved. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "should," "are confident," "will," "could," "outlook," 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 any forward-looking statements, including any financial targets or estimates, whether as a result of new information, future events, or otherwise. Factors that may cause results to differ from those expressed in our forward-looking statements include, but are not limited to, the factors disclosed in Part I, Item 1A. "Risk Factors" of the company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022, and otherwise in our reports and filings with the Securities and Exchange Commission, as well as the following factors: risks and uncertainty related to the ongoing COVID-19 pandemic and any other adverse public health developments; risks related to changes in global economic and financial conditions and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits; risks related to recent inflationary pressures with respect to labor and raw materials and global supply chain constraints that have, and could continue, to affect freight, transit, and other costs; risks related to geopolitical conflict, including the on-going hostilities in Ukraine, acts of terrorism, mass casualty events, social unrest, civil disturbance or disobedience; risks related to our failure to engage our customers, anticipate customer demand and changing fashion trends and manage our inventory commensurately; risks related to our failure to operate effectively in a highly competitive and constantly evolving industry; risks related to our ability to execute on our strategic initiatives, including our Always Forward Plan; risks related to fluctuations in foreign currency exchange rates; risks related to fluctuations in our tax obligations and effective tax rate may result in volatility in our results of operations; risks related to cybersecurity threats and privacy or data security breaches or the potential loss or disruption of our information systems; and risks associated with climate change and other corporate responsibility issues.

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 Appendix to this presentation. As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America. 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.

As used in this presentation, unless otherwise defined, references to "Hollister" include the company's Hollister, Gilly Hicks, and Social Tourist brands and references to "Abercrombie" includes the company's Abercrombie & Fitch and abercrombie kids brands.



TABLE OF CONTENTS

Safe Harbor and Other Information	2
Company Overview	4
Focus Areas	11
Q2 2022 Results	16
Updated Fiscal 2022 Outlook	24
Financial Position, Liquidity & Capital Allocation	26
Appendix	31

COMPANY OVERVIEW





Abercrombie & Fitch Co. is a global, digitally-led, omni-channel apparel and accessories retailer catering to kids through millennials with assortments curated for their specific lifestyle needs

Our corporate purpose of 'Being here for you on the journey to being and becoming who you are' fuels our purpose-led brands and our global associates



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

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



SOCIAL TOURIST^{LA}

Social Tourist is the creative vision of Hollister and social media personalities Dixie and Charli D'Amelio. The lifestyle brand creates trend forward apparel that allows brand lovers 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

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

5

GLOBAL BRANDS

734

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

17

COUNTRIES WITH STORE OPERATIONS

9

WHOLESALE PARTNERSHIPS, PRIMARILY INTERNATIONAL

Information provided on this slide is as of July 30, 2022 unless otherwise specified.



ALWAYS FORWARD PLAN



ALWAYS FORWARD PLAN

2025 TARGETS:
\$4.1B - \$4.3B
REVENUES

8%+
OPERATING MARGIN

LONGER-TERM GOAL OF \$5B IN
REVENUES AND A 10%+
OPERATING MARGIN

Abercrombie & Fitch Co.



INTRODUCED 2025 FINANCIAL TARGETS AT JUNE 2022 INVESTOR DAY

EMBODY OUR AUTHENTIC PURPOSE

1 EXECUTE FOCUSED BRAND GROWTH PLANS

- data driven approach to store expansion
- grow brand lovers through digital marketing and social selling

2 ACCELERATE AN ENTERPRISE-WIDE DIGITAL REVOLUTION

- "Know Them Better" - continued expansion and acceleration of investments in customer analytics to improve customer engagement
- "Wow Them Everywhere" - continued investments in people, systems, and processes to improve the end-to-end customer experience

3 OPERATE WITH FINANCIAL DISCIPLINE

- operate with a more agile cost structure
- seek expense efficiencies while protecting investments in digital, technology and store growth



ALWAYS FORWARD PLAN

CREATING SHAREHOLDER VALUE

2025 TARGETS

SALES CAGR
+3% TO 5%
OFF 2022

+

OPERATING
8%+
MARGINS

+

DISCIPLINED & AGILE
INVESTMENT
PLAN

+

\$600M MINIMUM
FREE CASH FLOW
GENERATION 2022-2025

2022 FOCUS AREAS

OUR FOCUS AREAS FOR 2022

The following focus areas for fiscal 2022 serve as a framework to the company achieving sustainable growth and progressing toward the 2025 Always Forward Plan targets

- Execute brand growth plans, primarily focused on continuing momentum at Abercrombie & Fitch and delivering standalone store experiences at Gilly Hicks
- Accelerate digital and technology investments in systems and people to increase agility, modernize foundational systems and improve the customer experience
- Operate with a more agile cost structure, and seeking expense efficiencies while protecting investments in digital, technology and store growth to fund our strategic principles
- Taking a data-driven approach to store expansion in under penetrated markets
- Optimize our global distribution network to increase capacity and improve delivery speed to customers
- Integrate environmental, social and governance practices and standards throughout the organization



AGGRESSIVELY INVESTING TO BE A BEST-IN-CLASS DIGITALLY-LED GLOBAL OMNI-CHANNEL RETAILER

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

FISCAL 2017 - FISCAL 2021

EXPECTED DIGITAL AND OMNICHANNEL INVESTMENTS FOR THE YEAR OF **\$60M+**

FISCAL 2022

FISCAL 2018

Digital sales penetration of

28%, <\$1.0B

FISCAL 2021*

Digital sales penetration of

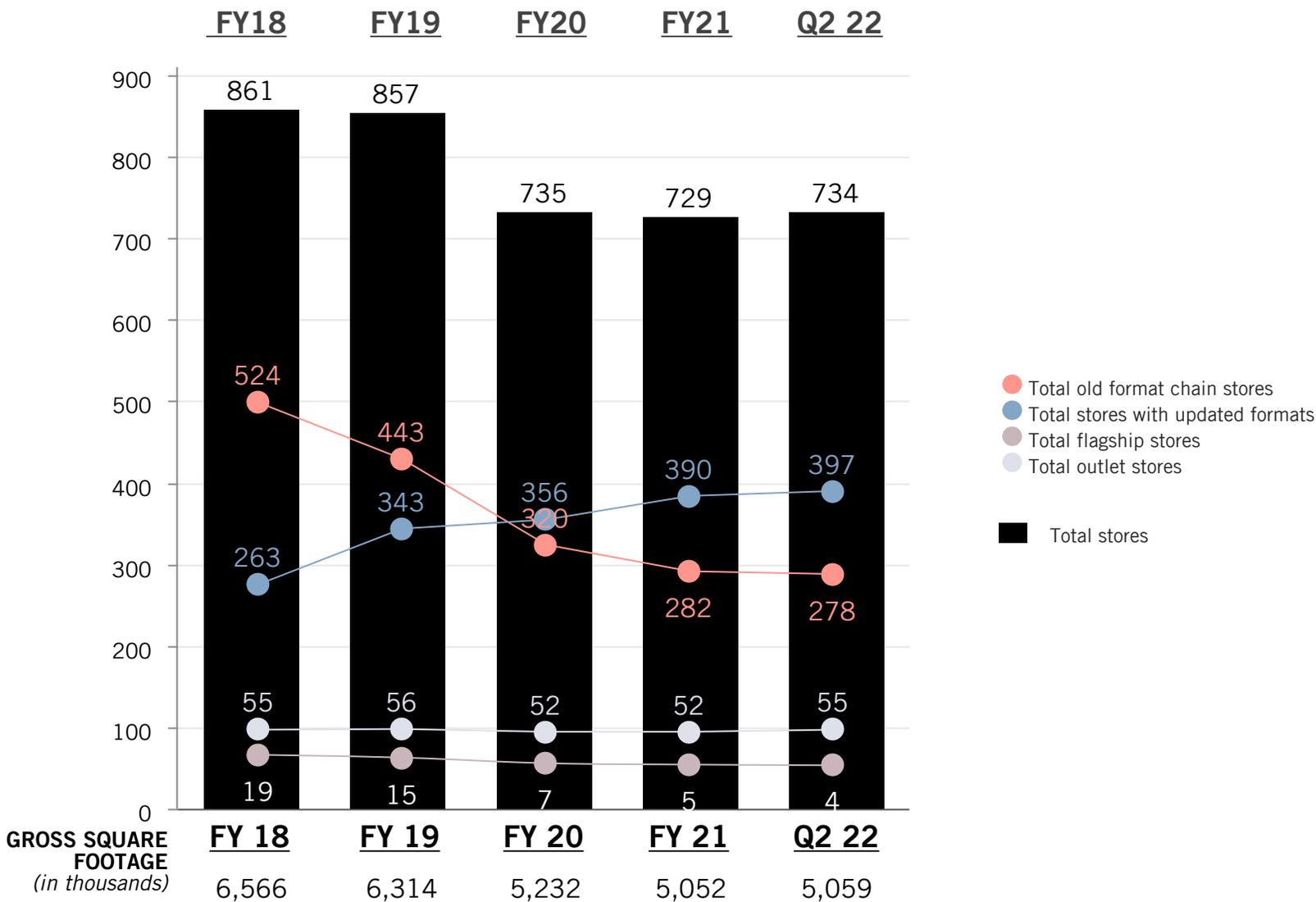
47%, \$1.7B+

* 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.





**EXPECT TO SEE
NET STORE
OPENINGS IN 2022
WHILE
MAINTAINING
ROUGHLY FLAT
SQUARE FOOTAGE**





GLOBAL FLEET WELL-POSITIONED; 91% OF U.S. STORES LOCATED IN A/B MALLS

YTD STORE ACTIVITY

	HOLLISTER	ABERCROMBIE	TOTAL
NEW STORES	9	2	11
REMODELS	1	—	1
RIGHT-SIZES	—	—	—
NEW EXPERIENCES	10	2	12
PERMANENT CLOSURES	(2)	(5)	(7)

Q2 2022 STORE FLEET DETAIL

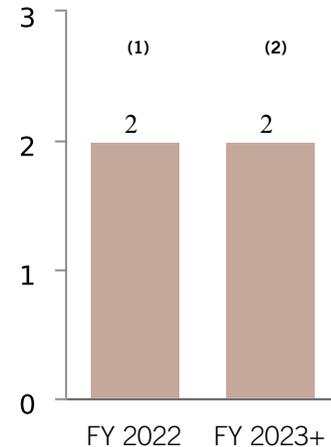
	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
LEGACY STORES	184	36%	94	43%	278	38%
UPDATED FORMATS	310	60%	87	39%	397	54%
OUTLETS	18	4%	37	17%	55	7%
FLAGSHIPS	1	—%	3	1%	4	1%
TOTAL	513	100%	221	100%	734	100%

Q2 2022 U.S. STORE FLEET *

	A MALL	B MALL	C MALL	FLAGSHIPS	TOTAL
# OF STORES	211	222	41	2	476
% OF U.S. FLEET	44%	47%	9%	—%	100%

* Mall rating based on Green Street Advisors as of April 2022.

FLAGSHIP STORE CLOSURES/ LEASE EXPIRATIONS



(1) Includes the A&F Amsterdam, Netherlands as well as the A&F 5th Avenue, New York City locations.
 (2) Includes the Hollister 5th Avenue, New York City and the A&F Ginza, Japan locations.

Q2 2022 RESULTS



CEO COMMENTARY

“As the global macro environment deteriorated in the second quarter, we experienced a divergence in brand performance. Abercrombie delivered its highest Q2 sales since 2015 and its ninth consecutive quarter of average unit retail (“AUR”) growth. This was more than offset by Hollister, where we saw a greater than anticipated impact from inflation and a shift away from core categories to more fashion-driven product, contributing to lower-than-expected conversion and basket size.

We expect macro headwinds to persist and have taken action to adjust receipts across brands to fuel winning categories for late fall and holiday. In addition, we have right-sized the Hollister inventory receipt plan for holiday and beyond. Looking ahead, we will continue to monitor sales volumes and react with agility to ensure inventory turns appropriately, and we expect year-over-year inventory growth to have peaked in Q2 and to moderate significantly in the back half as we lap late receipts from last year.

Thus far in August, we have experienced a steady improvement in weekly sales trend, although total quarter-to-date remains in line with Q2. Our revised outlook reflects the uncertain environment for the back half. As we have successfully done over the last several years, we will continue to navigate near-term challenges and reduce spend where appropriate while executing to our long-term goals. We remain confident that we have the balance sheet and strategies in place to drive continued progress towards our 2025 Always Forward Plan introduced at our June 2022 Investor Day.”

Fran Horowitz
Chief Executive Officer

Abercrombie & Fitch Co.



NET (LOSS) INCOME PER SHARE

SIGNIFICANT ITEMS IMPACTING Q2 2022 RESULTS

- Net sales decreased 7%, or \$60M, as compared to last year.
- Gross margin rate declined 730 basis points as compared to last year to 57.9%, driven by higher product costs and commodity inflation partially offset by higher average unit retail at Abercrombie.
- Digital fulfillment expense increased \$17M, reflecting an increase in digital shipping and handling and digital direct expense.
- Asset impairment charges of \$2M for this year versus \$1M last year.

	Q2 2022	Q2 2021
GAAP	\$(0.33)	\$1.69
EXCLUDED ITEMS, NET OF TAX EFFECT ⁽¹⁾	(0.03)	(0.01)
ADJUSTED NON-GAAP	\$(0.30)	\$1.70
IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES ⁽²⁾	—	(0.09)
ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS	\$(0.30)	\$1.61

⁽¹⁾ Adjusted non-GAAP results exclude the effect of certain items set out in the Appendix.

⁽²⁾ 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

TOTAL COMPANY NET SALES DOWN 7% COMPARED TO Q2 2021, TO \$805M

HOLLISTER
\$437M

DOWN 15% TO LAST YEAR
54.3% OF TOTAL NET SALES

ABERCROMBIE
\$368M

UP 5% TO LAST YEAR
45.7% OF TOTAL NET SALES

UNITED STATES ⁽¹⁾
\$578M

DOWN 4% TO LAST YEAR
71.8% OF TOTAL NET SALES

EMEA
\$167M

DOWN 13% TO LAST YEAR
20.7% OF TOTAL NET SALES

APAC
\$28M

DOWN 33% TO LAST YEAR
3.5% OF TOTAL NET SALES

OTHER ⁽²⁾
\$32M

UP 5% TO LAST YEAR
4.0% OF TOTAL NET SALES

⁽¹⁾ Net sales by geographic area 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.

⁽²⁾ Other includes all sales that do not fall within the United States, EMEA, or APAC regions.

OPERATING EXPENSE

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSE

<i>(in thousands)</i>	Q2 2022	% OF NET SALES	Q2 2021	% OF NET SALES	1 YR Δ BPS ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$103,191	12.8%	\$107,277	12.4%	40
ALL OTHER ⁽²⁾	237,600	29.5%	218,570	25.3%	420
STORES AND DISTRIBUTION	340,791	42.3%	325,847	37.7%	460
MARKETING, GENERAL & ADMINISTRATIVE	124,168	15.4%	123,913	14.3%	110
ASSET IMPAIRMENT	2,170	0.3%	786	0.1%	20
TOTAL OPERATING EXPENSE - GAAP	\$467,129	58.0%	\$450,546	52.1%	590
EXCLUDED ITEMS	2,170	0.3%	786	0.1%	20
TOTAL ADJUSTED OPERATING EXPENSE - NON-GAAP *	\$464,959	57.8%	\$449,760	56.2%	160

* Q2 non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out in the Appendix.

(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, and distribution center costs.

(3) Rounded based on reported percentages.

INCOME STATEMENT

<i>(in thousands)</i>	GAAP			
	Q2 2022	% OF NET SALES	Q2 2021	% OF NET SALES
NET SALES	\$805,091	100.0%	\$864,850	100.0%
GROSS PROFIT ^{(1) (2)}	465,891	57.9%	563,485	65.2%
OPERATING EXPENSE	467,129	58.0%	450,546	52.1%
OTHER OPERATING 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 (BENEFIT) EXPENSE	5,634	0.7%	(6,944)	(0.8)%
NET (LOSS) INCOME	\$(16,834)	(2.1)%	\$108,500	12.5%
NET (LOSS) INCOME PER SHARE				
BASIC	\$(0.33)		\$1.77	
DILUTED	\$(0.33)		\$1.69	
WEIGHTED-AVERAGE SHARES				
BASIC	50,441		61,428	
DILUTED	50,441		64,136	

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

⁽²⁾ Gross profit rate of 57.9% is down 730 basis points as compared to last year, primarily driven higher product costs and the adverse impact of exchange rates, partially offset by higher AUR at Abercrombie.



BALANCE SHEET

<i>(in thousands)</i>	JULY 30, 2022	JANUARY 29, 2022	JULY 31, 2021
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
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 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 INTEREST	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



STATEMENT OF CASH FLOWS

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	JULY 30, 2022	JULY 31, 2021
NET (CASH USED FOR) PROVIDED BY FOR OPERATING ACTIVITIES	\$(259,733)	\$49,945
PURCHASES OF PROPERTY AND EQUIPMENT	(59,582)	(35,269)
PROCEEDS FROM THE SALE OF PROPERTY AND EQUIPMENT	7,972	—
NET CASH USED FOR INVESTING ACTIVITIES	\$(51,610)	\$(35,269)
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	\$380,034	\$936,039

UPDATED FISCAL 2022 OUTLOOK



UPDATED FISCAL 2022 OUTLOOK

BASED ON THE EVOLVING OPERATING ENVIRONMENT, OUR UPDATED 2022 OUTLOOK REFLECTS IMPACTS FROM FOREIGN CURRENCY, HIGHER-THAN-EXPECTED COSTS, AND AN ASSUMED INFLATIONARY IMPACT ON CONSUMER SPENDING

	PREVIOUS FULL YEAR OUTLOOK ⁽¹⁾	CURRENT FULL YEAR OUTLOOK
NET SALES	IN THE RANGE OF FLAT TO UP 2% ⁽²⁾	DOWN MID-SINGLE DIGITS ⁽²⁾
OPERATING MARGIN	IN THE RANGE OF 5% TO 6%	IN THE RANGE OF 1% TO 3% ⁽³⁾
EFFECTIVE TAX RATE	MID 30s	NA ⁽⁴⁾

		CURRENT Q3 OUTLOOK
NET SALES		DOWN HIGH-SINGLE DIGITS ⁽⁵⁾
OPERATING INCOME		AROUND BREAK-EVEN ⁽³⁾
EFFECTIVE TAX RATE		NA ⁽⁴⁾

⁽¹⁾ Released May 24, 2022

⁽²⁾ The current full year outlook reflects an adverse impact of approximately 200 basis points from foreign currency, up from approximately 150 basis points in the previous outlook.

⁽³⁾ Reflecting lower sales due to an assumed inflationary impact on consumer and an assumption of lower AURs needed to keep inventory current.

⁽⁴⁾ The Company is withdrawing the previous effective tax rate outlook of mid 30s as there could be a higher effective tax rate due to our inability to recognize a tax benefit for certain losses incurred outside of the U.S.

⁽⁵⁾ The current Q3 outlook reflects an adverse impact of approximately 220 basis points from foreign currency.

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION





STRONG FINANCIAL POSITION AND LIQUIDITY

CASH & EQUIVALENTS

\$370M AS COMPARED TO \$922M LAST YEAR, AS COMPANY BROUGHT IN INVENTORY EARLIER THAN 2021 AND UTILIZED EXCESS CASH TO FUND SHARE REPURCHASES

SHORT-TERM BORROWINGS

NO BORROWINGS OUTSTANDING UNDER ABL FACILITY

\$359M OF BORROWING AVAILABLE UNDER ABL FACILITY AS OF JULY 30, 2022

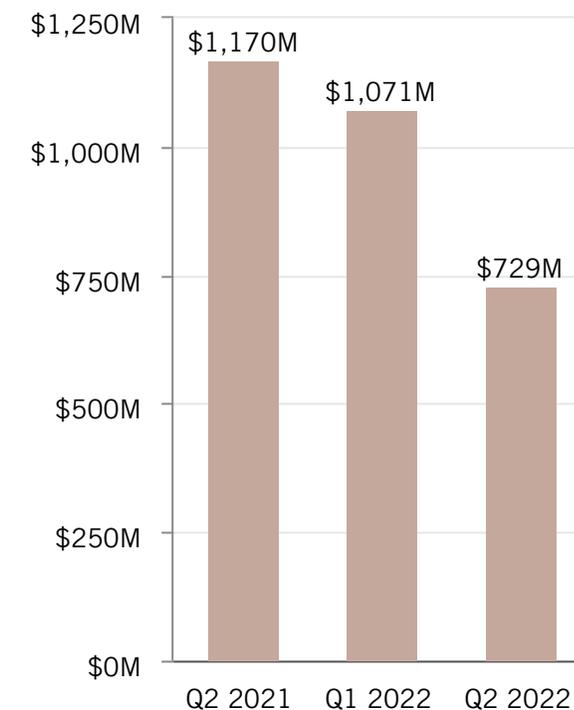
GROSS LONG-TERM BORROWINGS

\$308M OUTSTANDING CONSISTENT WITH \$308M LAST YEAR

INVENTORIES

\$708M, UP 70% FROM LAST YEAR DUE PRIMARILY TO HIGHER IN-TRANSIT, UNITS ON HAND, AND INCREASED PRODUCT COSTS

LIQUIDITY*



INVENTORY

TOTAL COMPANY INVENTORY UP 70% COMPARED TO Q2 2021, TO \$708 MILLION

TOTAL

+70% TO 2021

**2021 INVENTORY AT COST REPRESENTED THE
LOWEST Q2 LEVEL IN OVER A DECADE**

IN-TRANSIT ⁽¹⁾

34%

contribution

**UP \$140M AS IMPACTS OF
2021 SUPPLY CHAIN
CONGESTION AND VIETNAM
PRODUCTION SHUTDOWN ARE
LAPPED**

UNITS ON HAND

28%

contribution

**2021 UNITS ON HAND LOWEST
SINCE MID-2000s
INVENTORY FLOWS PLANNED
EARLIER THAN 2021**

PRODUCT COSTS

8%

contribution

**IMPACT OF HIGHER FREIGHT
AND RAW MATERIAL COSTS
(E.G., COTTON) THAN 2021**

⁽¹⁾ Purchased inventory that is currently on its way to a distribution center or a physical store.

CASH FLOW SUMMARY

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	JULY 30, 2022	JULY 31, 2021
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	\$(259,733)	\$49,945
NET CASH USED FOR INVESTING ACTIVITIES	\$(51,610)	\$(35,269)
NET CASH USED FOR FINANCING ACTIVITIES	\$(135,424)	\$(200,247)

<i>(in thousands)</i>	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW ⁽¹⁾
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	\$277,782	\$96,979	\$180,803

⁽¹⁾ Free cash flow is a non-GAAP measure and is computed by subtracting capital expenditures from net cash (used for) provided by operating activities, both of which are disclosed in the table above, preceding the measure of free cash flow.



SHARE REPURCHASES AND DIVIDENDS

THE COMPANY REPURCHASED APPROXIMATELY 4.3 MILLION SHARES AND HAS RETURNED \$118 MILLION TO SHAREHOLDERS DURING THE YEAR-TO-DATE PERIOD ENDED JULY 30, 2022



<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
FY 2017	—	\$—	\$—	\$54,392	\$54,392
FY 2018	2,932	\$68,670	\$23.42	\$53,714	\$122,384
FY 2019	3,957	\$63,542	\$16.06	\$51,510	\$115,052
FY 2020	1,397	\$15,172	\$10.86	\$12,556	\$27,728
FY 2021	10,200	\$377,290	\$36.99	\$—	\$377,290
YTD 2022	4,260	\$117,775	\$27.65	\$—	\$117,775

<i>(in thousands)</i>	FY 2017	FY 2018	FY 2019	FY 2020	FY2021	Q2 2022
ENDING SHARES OUTSTANDING	68,195	66,227	62,786	62,399	52,985	49,471

A group of young people are captured in a dynamic, joyful pose on a sand dune. They are dressed in casual, contemporary clothing like t-shirts, crop tops, and jeans. The scene is set against a clear, bright blue sky with a few palm trees visible in the background. The overall mood is energetic and carefree.

APPENDIX

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

(in thousands)	Q2 2022 GAAP	EXCLUDED ITEMS	Q2 2022 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$2,170	\$2,170	\$—
OPERATING LOSS	(2,191)	(2,170)	(21)
LOSS BEFORE INCOME TAXES	(9,108)	(2,170)	(6,938)
INCOME TAX BENEFIT ⁽¹⁾	5,634	(611)	6,245
NET LOSS	\$(16,834)	\$(1,559)	\$(15,275)
NET LOSS PER DILUTED SHARE	\$(0.33)	\$(0.03)	\$(0.30)
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	50,441		50,441

(in thousands)	Q2 2021 GAAP	EXCLUDED ITEMS	Q2 2021 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$786	\$786	\$—
OPERATING INCOME	114,787	(786)	115,573
INCOME BEFORE INCOME TAXES	103,512	(786)	104,298
INCOME TAX EXPENSE ⁽¹⁾	(6,944)	(224)	(6,720)
NET INCOME	\$108,500	\$(562)	\$109,062
NET INCOME PER DILUTED SHARE	\$1.69	\$(0.01)	\$1.70
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	64,136		64,136

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



RECONCILIATION OF GAAP TO NON-GAAP RESULTS

NET SALES	Q2 2022	Q2 2021	Δ %
GAAP	\$805,091	\$864,850	(7)%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(23,124)	3%
NON-GAAP CONSTANT CURRENCY BASIS	\$805,091	\$841,726	(4)%
GROSS PROFIT	Q2 2022	Q2 2021	Δ BPS ⁽²⁾
GAAP	\$465,891	\$563,485	(730)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(16,117)	20
NON-GAAP CONSTANT CURRENCY BASIS	\$465,891	\$547,368	(710)
OPERATING (LOSS) INCOME	Q2 2022	Q2 2021	Δ BPS ⁽²⁾
GAAP	\$(2,191)	\$114,787	(1,360)
EXCLUDED ITEMS ⁽³⁾	(2,170)	(786)	(20)
ADJUSTED NON-GAAP	\$(21)	\$115,573	(1,340)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(7,984)	60
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$(21)	\$107,589	(1,280)
NET (LOSS) INCOME PER DILUTED SHARE	Q2 2022	Q2 2021	Δ \$
GAAP	\$(0.33)	\$1.69	\$(2.02)
EXCLUDED ITEMS, NET OF TAX ⁽³⁾	(0.03)	(0.01)	(0.02)
ADJUSTED NON-GAAP	\$(0.30)	\$1.70	\$(2.00)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(0.09)	0.09
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$(0.30)	\$1.61	\$(1.91)

⁽¹⁾ 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.

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

⁽³⁾ Excludes pre-tax store asset impairment charges.



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