

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 29, 2022	% of Net Sales	October 30, 2021	% of Net Sales
Net sales	\$ 880,084	100.0 %	\$ 905,160	100.0 %
Cost of sales, exclusive of depreciation and amortization	359,268	40.8 %	328,916	36.3 %
Gross profit	520,816	59.2 %	576,244	63.7 %
Stores and distribution expense	367,333	41.7 %	351,815	38.9 %
Marketing, general and administrative expense	133,201	15.1 %	146,269	16.2 %
Asset impairment	3,744	0.4 %	6,749	0.7 %
Other operating income, net	(1,005)	(0.1)%	(1,320)	(0.1)%
Operating income	17,543	2.0 %	72,731	8.0 %
Interest expense, net	7,295	0.8 %	7,270	0.8 %
Income before income taxes	10,248	1.2 %	65,461	7.2 %
Income tax expense	10,966	1.2 %	16,383	1.8 %
Net (loss) income	(718)	(0.1)%	49,078	5.4 %
Less: Net income attributable to noncontrolling interests	1,496	0.2 %	1,845	0.2 %
Net (loss) income attributable to A&F	<u>\$ (2,214)</u>	(0.3)%	<u>\$ 47,233</u>	5.2 %
Net (loss) income per share attributable to A&F				
Basic	\$ (0.04)		\$ 0.80	
Diluted	\$ (0.04)		\$ 0.77	
Weighted-average shares outstanding:				
Basic	49,486		58,796	
Diluted	49,486		61,465	

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	Thirty-Nine Weeks Ended		Thirty-Nine Weeks Ended	
	October 29, 2022	% of Net Sales	October 30, 2021	% of Net Sales
Net sales	\$ 2,497,937	100.0 %	\$ 2,551,415	100.0 %
Cost of sales, exclusive of depreciation and amortization	1,061,684	42.5 %	916,552	35.9 %
Gross profit	1,436,253	57.5 %	1,634,863	64.1 %
Stores and distribution expense	1,045,667	41.9 %	993,170	38.9 %
Marketing, general and administrative expense	379,518	15.2 %	391,129	15.3 %
Asset impairment	9,336	0.4 %	10,199	0.4 %
Other operating income, net	(3,894)	(0.2)%	(4,586)	(0.2)%
Operating income	5,626	0.2 %	244,951	9.6 %
Interest expense, net	21,519	0.9 %	27,151	1.1 %
(Loss) income before income taxes	(15,893)	(0.6)%	217,800	8.5 %
Income tax expense	14,413	0.6 %	15,560	0.6 %
Net (loss) income	(30,306)	(1.2)%	202,240	7.9 %
Less: Net income attributable to noncontrolling interests	5,211	0.2 %	4,739	0.2 %
Net (loss) income attributable to A&F	<u>\$ (35,517)</u>	(1.4)%	<u>\$ 197,501</u>	7.7 %
Net (loss) income per share attributable to A&F				
Basic	\$ (0.70)		\$ 3.24	
Diluted	\$ (0.70)		\$ 3.10	
Weighted-average shares outstanding:				
Basic	50,673		60,879	
Diluted	50,673		63,770	

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
Thirteen Weeks Ended October 29, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 3,744	\$ 3,744	\$ —
Operating income	17,543	(3,744)	21,287
Income before income taxes	10,248	(3,744)	13,992
Income tax expense ⁽³⁾	10,966	(976)	11,942
Net (loss) income attributable to A&F	\$ (2,214)	\$ (2,768)	\$ 554
Net (loss) income per diluted share attributable to A&F	\$ (0.04)	\$ (0.05)	\$ 0.01
Diluted weighted-average shares outstanding:	49,486		50,648

⁽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 \$3.7 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
Thirteen Weeks Ended October 30, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 6,749	\$ 6,749	\$ —
Operating income	72,731	(6,749)	79,480
Income before income taxes	65,461	(6,749)	72,210
Income tax expense ⁽³⁾	16,383	(1,375)	17,758
Net income attributable to A&F	\$ 47,233	\$ (5,374)	\$ 52,607
Net income per diluted share attributable to A&F	\$ 0.77	\$ (0.09)	\$ 0.86
Diluted weighted-average shares outstanding:	61,465		61,465

⁽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 \$6.7 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.
Schedule of Non-GAAP Financial Measures
Thirty-Nine Weeks Ended October 30, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 10,199	\$ 10,199	\$ —
Operating income	244,951	(10,199)	255,150
Income before income taxes	217,800	(10,199)	227,999
Income tax expense ⁽³⁾	15,560	(2,048)	17,608
Net income attributable to A&F	\$ 197,501	\$ (8,151)	\$ 205,652
Net income per diluted share attributable to A&F	\$ 3.10	\$ (0.13)	\$ 3.22
Diluted weighted-average shares outstanding:	63,770		63,770

⁽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 \$10.2 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 29, 2022 and October 30, 2021
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2022	2021	% Change
Net sales			
GAAP ⁽¹⁾	\$ 880,084	\$ 905,160	(3)%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(26,860)	3%
Net sales on a constant currency basis	\$ 880,084	\$ 878,300	0%
Gross profit			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 520,816	\$ 576,244	(450)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(22,419)	60
Gross profit on a constant currency basis	\$ 520,816	\$ 553,825	(390)
Operating income			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 17,543	\$ 72,731	(600)
Excluded items ⁽⁴⁾	(3,744)	(6,749)	30
Adjusted non-GAAP	\$ 21,287	\$ 79,480	(640)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,341)	70
Adjusted non-GAAP constant currency basis	\$ 21,287	\$ 71,139	(570)
Net (loss) income attributable to A&F			
	2022	2021	\$ Change
GAAP ⁽¹⁾	\$ (0.04)	\$ 0.77	\$(0.81)
Excluded items, net of tax ⁽⁴⁾	(0.05)	(0.09)	0.04
Adjusted non-GAAP	\$ 0.01	\$ 0.86	\$(0.85)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.10)	0.10
Adjusted non-GAAP constant currency basis	\$ 0.01	\$ 0.76	\$(0.75)

⁽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 \$3.7 million pre-tax store and other asset impairment charges for the current year and \$6.7 million pre-tax store asset impairment charges for the prior year, respectively.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Brand and Geography
Thirteen Weeks Ended October 29, 2022 and October 30, 2021
(in thousands, except percentage changes)
(Unaudited)

	2022	2021			GAAP % Change	Non-GAAP Constant Currency Basis % Change
		GAAP	Impact From Changes In Foreign Currency Exchanges Rates ⁽¹⁾	Non-GAAP Constant Currency Basis		
Net sales by brand:						
Hollister ⁽²⁾	\$ 457,752	\$ 522,311	\$ (18,740)	\$ 503,571	(12)%	(9)%
Abercrombie ⁽³⁾	422,332	382,849	(8,120)	374,729	10%	13%
Total company	\$ 880,084	\$ 905,160	\$ (26,860)	\$ 878,300	(3)%	0%

	2022	2021			GAAP % Change	Non-GAAP Constant Currency Basis % Change
		GAAP	Impact From Changes In Foreign Currency Exchanges Rates ⁽¹⁾	Non-GAAP Constant Currency Basis		
Net sales by region: ⁽⁴⁾						
United States	\$ 674,555	\$ 654,858	\$ —	\$ 654,858	3%	3%
EMEA	139,826	179,156	(21,686)	157,470	(22)%	(11)%
APAC	28,293	38,215	(3,431)	34,784	(26)%	(19)%
Other ⁽⁵⁾	37,410	32,931	(1,743)	31,188	14%	20%
International	\$ 205,529	\$ 250,302	\$ (26,860)	\$ 223,442	(18)%	(8)%
Total company	\$ 880,084	\$ 905,160	\$ (26,860)	\$ 878,300	(3)%	0%

⁽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⁾ Hollister includes the Hollister, Gilly Hicks and Social Tourist brands.

⁽³⁾ Abercrombie includes the Abercrombie & Fitch and abercrombie kids brands.

⁽⁴⁾ 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.

⁽⁵⁾ Other includes all sales that do not fall within the United States, EMEA, or APAC regions, which are derived primarily in Canada.

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

	October 29, 2022	January 29, 2022	October 30, 2021
Assets			
Current assets:			
Cash and equivalents	\$ 257,332	\$ 823,139	\$ 865,622
Receivables	108,468	69,102	83,447
Inventories	741,963	525,864	543,713
Other current assets	112,602	89,654	111,423
Total current assets	1,220,365	1,507,759	1,604,205
Property and equipment, net	542,138	508,336	516,176
Operating lease right-of-use assets	713,166	698,231	762,641
Other assets	218,325	225,165	229,512
Total assets	<u>\$ 2,693,994</u>	<u>\$ 2,939,491</u>	<u>\$ 3,112,534</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 322,128	\$ 374,829	\$ 424,560
Accrued expenses	378,366	395,815	355,149
Short-term portion of operating lease liabilities	211,304	222,823	209,812
Income taxes payable	23,694	21,773	39,900
Total current liabilities	935,492	1,015,240	1,029,421
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 708,512	\$ 697,264	\$ 764,346
Long-term borrowings, net	296,532	303,574	303,247
Other liabilities	97,393	86,089	97,191
Total long-term liabilities	1,102,437	1,086,927	1,164,784
Total Abercrombie & Fitch Co. stockholders' equity	646,231	826,090	908,934
Noncontrolling interests	9,834	11,234	9,395
Total stockholders' equity	656,065	837,324	918,329
Total liabilities and stockholders' equity	<u>\$ 2,693,994</u>	<u>\$ 2,939,491</u>	<u>\$ 3,112,534</u>

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

	Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021
Operating activities		
Net cash (used for) provided by operating activities	\$ (301,194)	\$ 131,287
Investing activities		
Purchases of property and equipment	\$ (120,282)	\$ (62,223)
Proceeds from sale of property and equipment	11,891	—
Withdrawal of funds from Rabbi Trust assets	12,000	—
Net cash used for investing activities	\$ (96,391)	\$ (62,223)
Financing activities		
Purchase of senior secured notes	(7,862)	(46,969)
Payment of debt issuance or modification costs and fees	(181)	(2,016)
Purchases of common stock	(125,775)	(235,249)
Other financing activities	(21,088)	(20,124)
Net cash used for financing activities	\$ (154,906)	\$ (304,358)
Effect of foreign currency exchange rates on cash	\$ (14,871)	\$ (8,560)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (567,362)	\$ (243,854)
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	\$ 267,006	\$ 880,303

**Abercrombie & Fitch Co.
Store Count**

Thirteen Weeks Ended October 29, 2022

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
July 30, 2022	358	155	172	49	530	204	734
New	9	2	3	5	12	7	19
Permanently closed	—	(1)	(1)	—	(1)	(1)	(2)
October 29, 2022	<u>367</u>	<u>156</u>	<u>174</u>	<u>54</u>	<u>541</u>	<u>210</u>	<u>751</u>

Thirty-Nine Weeks Ended October 29, 2022

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 29, 2022	351	154	173	51	524	205	729
New	16	5	5	5	21	10	31
Permanently closed	—	(3)	(4)	(2)	(4)	(5)	(9)
October 29, 2022	<u>367</u>	<u>156</u>	<u>174</u>	<u>54</u>	<u>541</u>	<u>210</u>	<u>751</u>

⁽¹⁾ Hollister includes the company's Hollister and Gilly Hicks brands. Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes 10 international franchise stores as of October 29, 2022, 9 international franchise stores as of July 30, 2022 and 8 international franchise stores as of January 29, 2022. Excludes 14 company-operated temporary stores as of October 29, 2022 and 15 company-operated temporary stores July 30, 2022 and 14 company-operated temporary stores January 29, 2022.

⁽²⁾ Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands. Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes 19 international franchise stores as of October 29, 2022, 16 international franchise stores as of July 30, 2022 and 14 international franchise stores as of January 29, 2022. Excludes 4 company-operated temporary stores as of October 29, 2022 and July 30, 2022 and 5 company-operated temporary stores as of January 29, 2022.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of October 29, 2022, July 30, 2022, and January 29, 2022.