

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	August 3, 2024	% of Net Sales	July 29, 2023	% of Net Sales
Net sales	\$ 1,133,974	100.0 %	\$ 935,345	100.0 %
Cost of sales, exclusive of depreciation and amortization	397,712	35.1 %	350,965	37.5 %
Gross profit	736,262	64.9 %	584,380	62.5 %
Stores and distribution expense	390,233	34.4 %	352,730	37.7 %
Marketing, general and administrative expense	170,471	15.0 %	144,502	15.4 %
Other operating income, net	(67)	— %	(2,694)	(0.3)%
Operating income	175,625	15.5 %	89,842	9.6 %
Interest expense	5,189	0.5 %	7,635	0.8 %
Interest income	(10,392)	(0.9)%	(6,538)	(0.7)%
Interest (income) expense, net	(5,203)	(0.5)%	1,097	0.1 %
Income before income taxes	180,828	15.9 %	88,745	9.5 %
Income tax expense	45,449	4.0 %	30,014	3.2 %
Net income	135,379	11.9 %	58,731	6.3 %
Less: Net income attributable to noncontrolling interests	2,211	0.2 %	1,837	0.2 %
Net income attributable to A&F	<u>\$ 133,168</u>	11.7 %	<u>\$ 56,894</u>	6.1 %

Net income per share attributable to A&F

Basic	\$ 2.60	\$ 1.13
Diluted	\$ 2.50	\$ 1.10

Weighted-average shares outstanding:

Basic	51,246	50,322
Diluted	53,279	51,548

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	Twenty-Six Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 2024	% of Net Sales	July 29, 2023	% of Net Sales
Net sales	\$ 2,154,704	100.0 %	\$ 1,771,339	100.0 %
Cost of sales, exclusive of depreciation and amortization	740,985	34.4 %	677,165	38.2 %
Gross profit	1,413,719	65.6 %	1,094,174	61.8 %
Stores and distribution expense	761,919	35.4 %	688,779	38.9 %
Marketing, general and administrative expense	348,351	16.2 %	287,133	16.2 %
Other operating income, net	(2,025)	(0.1)%	(5,588)	(0.3)%
Operating income	305,474	14.2 %	123,850	7.0 %
Interest expense	10,969	0.5 %	15,093	0.9 %
Interest income	(21,195)	(1.0)%	(10,553)	(0.6)%
Interest (income) expense, net	(10,226)	(0.5)%	4,540	0.3 %
Income before income taxes	315,700	14.7 %	119,310	6.7 %
Income tax expense	65,243	3.0 %	42,732	2.4 %
Net income	250,457	11.6 %	76,578	4.3 %
Less: Net income attributable to noncontrolling interests	3,439	0.2 %	3,113	0.2 %
Net income attributable to A&F	<u>\$ 247,018</u>	11.5 %	<u>\$ 73,465</u>	4.1 %

Net income per share attributable to A&F

Basic	\$ 4.84	\$ 1.47
Diluted	\$ 4.64	\$ 1.43

Weighted-average shares outstanding:

Basic	51,069	49,952
Diluted	53,277	51,535

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 August 3, 2024 and July 29, 2023
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2024	2023	% Change
Net sales			
GAAP ⁽¹⁾	\$ 1,133,974	\$ 935,345	21%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(2,370)	—%
Net sales on a constant currency basis	\$ 1,133,974	\$ 932,975	22%
Gross profit			
	2024	2023	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 736,262	\$ 584,380	240
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(120)	(10)
Gross profit on a constant currency basis	\$ 736,262	\$ 584,260	230
Operating income			
	2024	2023	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 175,625	\$ 89,842	590
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(1,467)	10
Adjusted non-GAAP constant currency basis	\$ 175,625	\$ 88,375	600
Net income attributable to A&F			
	2024	2023	\$ Change
GAAP ⁽¹⁾	\$ 2.50	\$ 1.10	\$1.40
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.02)	0.02
Adjusted non-GAAP constant currency basis	\$ 2.50	\$ 1.08	\$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.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Geography and Brand
Thirteen Weeks Ended August 3, 2024 and July 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⁾	\$ 901,224	\$ 731,427	\$ (833)	\$ 730,594	23%	23%
EMEA ⁽⁴⁾	199,682	171,962	(413)	171,549	16%	16%
APAC ⁽⁵⁾	33,068	31,956	(1,124)	30,832	3%	7%
Total company	\$ 1,133,974	\$ 935,345	\$ (2,370)	\$ 932,975	21%	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⁾	582,416	462,711	(1,125)	461,586	26%	26%
Hollister ⁽⁷⁾	\$ 551,558	\$ 472,634	\$ (1,245)	\$ 471,389	17%	17%
Total company	\$ 1,133,974	\$ 935,345	\$ (2,370)	\$ 932,975	21%	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 August 3, 2024 and July 29, 2023
(in thousands)
(Unaudited)

	2024	% of Net Sales	2023	% of Net Sales
Net income	\$ 135,379	11.9 %	\$ 58,731	6.3 %
Income tax expense	45,449	4.0	30,014	3.2
Interest (income) expense, net	(5,203)	(0.5)	1,097	0.1
Depreciation and amortization	39,355	3.6	36,383	3.9
EBITDA ⁽¹⁾	<u>\$ 214,980</u>	19.0 %	<u>\$ 126,225</u>	13.5 %

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-Six Weeks Ended August 3, 2024 and July 29, 2023
(in thousands)
(Unaudited)

	2024	% of Net Sales	2023	% of Net Sales
Net income	\$ 250,457	11.6 %	\$ 76,578	4.3 %
Income tax expense	65,243	3.0 %	42,732	2.4 %
Interest (income) expense, net	(10,226)	(0.5)%	4,540	0.3 %
Depreciation and Amortization	77,044	3.7 %	72,411	4.1 %
EBITDA ⁽¹⁾	<u>\$ 382,518</u>	17.8 %	<u>\$ 196,261</u>	11.1 %
Adjustments to EBITDA				
Asset impairment	—	— %	4,436	0.3 %
Adjusted EBITDA ⁽¹⁾	<u>\$ 382,518</u>	17.8 %	<u>\$ 200,697</u>	11.4 %

⁽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)

	August 3, 2024	February 3, 2024	July 29, 2023
Assets			
Current assets:			
Cash and equivalents	\$ 738,402	\$ 900,884	\$ 617,339
Receivables	115,077	78,346	112,597
Inventories	539,759	469,466	493,479
Other current assets	123,415	88,569	87,850
Total current assets	1,516,653	1,537,265	1,311,265
Property and equipment, net	552,453	538,033	553,680
Operating lease right-of-use assets	746,788	678,256	714,977
Other assets	233,664	220,679	216,792
Total assets	<u>\$ 3,049,558</u>	<u>\$ 2,974,233</u>	<u>\$ 2,796,714</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 406,756	\$ 296,976	\$ 323,197
Accrued expenses	422,484	436,655	375,544
Short-term portion of operating lease liabilities	202,840	179,625	191,700
Income taxes payable	19,576	53,564	46,039
Total current liabilities	1,051,656	966,820	936,480
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 688,006	\$ 646,624	\$ 692,046
Long-term borrowings, net	—	222,119	297,385
Other liabilities	88,746	88,683	92,019
Total long-term liabilities	776,752	957,426	1,081,450
Total Abercrombie & Fitch Co. stockholders' equity	1,206,526	1,035,160	768,306
Noncontrolling interests	14,624	14,827	10,478
Total stockholders' equity	1,221,150	1,049,987	778,784
Total liabilities and stockholders' equity	<u>\$ 3,049,558</u>	<u>\$ 2,974,233</u>	<u>\$ 2,796,714</u>

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

	Twenty-Six Weeks Ended	
	August 3, 2024	July 29, 2023
Operating activities		
Net cash provided by operating activities	\$ 260,119	\$ 216,328
Investing activities		
Purchases of Marketable Securities	\$ (15,000)	\$ —
Purchases of property and equipment	(81,649)	(89,780)
Net cash used for investing activities	\$ (96,649)	\$ (89,780)
Financing activities		
Redemption of senior secured notes	(223,331)	—
Payment of debt modification costs and fees	(2,716)	(17)
Purchases of common stock	(30,000)	—
Acquisition of common stock for tax withholding obligations	(67,224)	(18,769)
Other financing activities	(3,690)	(4,556)
Net cash used for financing activities	\$ (326,961)	\$ (23,342)
Effect of foreign currency exchange rates on cash	\$ 101	\$ (3,672)
Net (decrease) increase in cash and equivalents, and restricted cash and equivalents	\$ (163,390)	\$ 99,534
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	\$ 746,295	\$ 627,103

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

	2022	Fiscal 2023				2023	Fiscal 2024		
		Q1	Q2	Q3	Q4		Q1	Q2	2024
Net sales	\$ 3,697,751	\$ 835,994	\$ 935,345	\$ 1,056,431	\$ 1,452,907	\$ 4,280,677	\$ 1,020,730	\$ 1,133,974	\$ 2,154,704
Cost of sales, exclusive of depreciation and amortization	1,593,213	326,200	350,965	370,762	539,338	1,587,265	343,273	397,712	740,985
Gross profit	2,104,538	509,794	584,380	685,669	913,569	2,693,412	677,457	736,262	1,413,719
Stores and distribution expense	1,496,962	336,049	352,730	383,883	499,075	1,571,737	371,686	390,233	761,919
Marketing, general and administrative expense	517,602	142,631	144,502	162,510	193,234	642,877	177,880	170,471	348,351
Other operating (income) loss, net	(2,674)	(2,894)	(2,694)	1,256	(1,541)	(5,873)	(1,958)	(67)	(2,025)
Operating income	92,648	34,008	89,842	138,020	222,801	484,671	129,849	175,625	305,474
Interest expense	30,236	7,458	7,635	8,568	6,691	30,352	5,780	5,189	10,969
Interest income	(4,604)	(4,015)	(6,538)	(7,897)	(11,530)	(29,980)	(10,803)	(10,392)	(21,195)
Interest (income) expense, net	25,632	3,443	1,097	671	(4,839)	372	(5,023)	(5,203)	(10,226)
Income before income taxes	67,016	30,565	88,745	137,349	227,640	484,299	134,872	180,828	315,700
Income tax expense	56,631	12,718	30,014	39,617	66,537	148,886	19,794	45,449	65,243
Net income	10,385	17,847	58,731	97,732	161,103	335,413	115,078	135,379	250,457
Less: Net income attributable to noncontrolling interests	7,569	1,276	1,837	1,521	2,656	7,290	1,228	2,211	3,439
Net income attributable to Abercrombie & Fitch Co.	<u>\$ 2,816</u>	<u>\$ 16,571</u>	<u>\$ 56,894</u>	<u>\$ 96,211</u>	<u>\$ 158,447</u>	<u>\$ 328,123</u>	<u>\$ 113,850</u>	<u>\$ 133,168</u>	<u>\$ 247,018</u>
Net income per share attributable to Abercrombie & Fitch Co.:									
Basic	\$0.06	\$0.33	\$1.13	\$1.91	\$3.13	\$6.53	\$2.24	\$2.60	\$4.84
Diluted	\$0.05	\$0.32	\$1.10	\$1.83	\$2.97	\$6.22	\$2.14	\$2.50	\$4.64
Weighted-average shares outstanding:									
Basic	50,307	49,574	50,322	50,504	50,559	50,250	50,893	51,246	51,069
Diluted	52,327	51,467	51,548	52,624	53,399	52,726	53,276	53,279	53,277

Abercrombie & Fitch Co.
Financial Information
(Unaudited)

	2022	Fiscal 2023				2023	Fiscal 2024		2024
		Q1	Q2	Q3	Q4		Q1	Q2	
Segment comparable sales ⁽¹⁾									
Americas comparable sales ^{(2) (3)}	<i>Not provided</i>	<i>Not provided</i>	14%	16%	17%	13%	21%	18%	19%
EMEA comparable sales ^{(2) (4)}	<i>Not provided</i>	<i>Not provided</i>	6%	15%	10%	7%	23%	17%	19%
APAC comparable sales ^{(2) (5)}	<i>Not provided</i>	<i>Not provided</i>	26%	32%	21%	26%	22%	21%	22%
Comparable sales ⁽²⁾	<i>Not provided</i>	3 %	13%	16%	16%	13%	21%	18%	19%
Branded comparable sales									
Abercrombie comparable sales ^{(2) (6)}	<i>Not provided</i>	14 %	23%	26%	28%	23%	29%	21%	25%
Hollister comparable sales ^{(2) (7)}	<i>Not provided</i>	(6)%	5%	7%	6%	4%	13%	15%	14%
Comparable sales ⁽²⁾	<i>Not provided</i>	3 %	13%	16%	16%	13%	21%	18%	19%

⁽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.