

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	August 4, 2018	% of Net Sales	July 29, 2017	% of Net Sales
Net sales	\$ 842,414	100.0 %	\$ 779,321	100.0 %
Cost of sales, exclusive of depreciation and amortization	335,519	39.8 %	318,426	40.9 %
Gross profit	506,895	60.2 %	460,895	59.1 %
Stores and distribution expense	374,552	44.5 %	369,295	47.4 %
Marketing, general and administrative expense	123,883	14.7 %	109,353	14.0 %
Asset impairment	8,671	1.0 %	6,135	0.8 %
Other operating income, net	(434)	(0.1)%	(2,799)	(0.4)%
Operating income (loss)	223	0.0 %	(21,089)	(2.7)%
Interest expense, net	3,023	0.4 %	4,089	0.5 %
Loss before income taxes	(2,800)	(0.3)%	(25,178)	(3.2)%
Income tax expense (benefit)	24	0.0 %	(10,563)	(1.4)%
Net loss	(2,824)	(0.3)%	(14,615)	(1.9)%
Less: Net income attributable to noncontrolling interests	1,029	0.1 %	876	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (3,853)</u>	(0.5)%	<u>\$ (15,491)</u>	(2.0)%

Net loss per share attributable to Abercrombie & Fitch Co.:

Basic	\$ (0.06)	\$ (0.23)
Diluted	\$ (0.06)	\$ (0.23)

Weighted-average shares outstanding:

Basic	68,008	68,456
Diluted	68,008	68,456

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	Twenty-six Weeks Ended		Twenty-six Weeks Ended	
	August 4, 2018	% of Net Sales	July 29, 2017	% of Net Sales
Net sales	\$ 1,573,313	100.0 %	\$ 1,440,420	100.0 %
Cost of sales, exclusive of depreciation and amortization	624,073	39.7 %	580,600	40.3 %
Gross profit	949,240	60.3 %	859,820	59.7 %
Stores and distribution expense	735,707	46.8 %	729,224	50.6 %
Marketing, general and administrative expense	248,780	15.8 %	219,246	15.2 %
Asset impairment	9,727	0.6 %	6,865	0.5 %
Other operating income, net	(2,994)	(0.2)%	(4,485)	(0.3)%
Operating loss	(41,980)	(2.7)%	(91,030)	(6.3)%
Interest expense, net	6,041	0.4 %	8,209	0.6 %
Loss before income taxes	(48,021)	(3.1)%	(99,239)	(6.9)%
Income tax benefit	(3,689)	(0.2)%	(23,615)	(1.6)%
Net loss	(44,332)	(2.8)%	(75,624)	(5.3)%
Less: Net income attributable to noncontrolling interests	1,982	0.1 %	1,567	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (46,314)</u>	(2.9)%	<u>\$ (77,191)</u>	(5.4)%

Net loss per share attributable to Abercrombie & Fitch Co.:

Basic	\$ (0.68)	\$ (1.13)
Diluted	\$ (0.68)	\$ (1.13)

Weighted-average shares outstanding:

Basic	68,254	68,264
Diluted	68,254	68,264

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

	<u>August 4, 2018</u>	<u>February 3, 2018</u>	<u>July 29, 2017</u>
<b>ASSETS</b>			
Current assets:			
Cash and equivalents	\$ 581,166	\$ 675,558	\$ 421,903
Receivables	91,719	79,724	110,590
Inventories	454,913	424,393	471,037
Other current assets	115,276	84,863	72,215
Total current assets	1,243,074	1,264,538	1,075,745
Property and equipment, net	691,933	738,182	793,374
Other assets	325,842	322,972	358,794
<b>TOTAL ASSETS</b>	<u>\$ 2,260,849</u>	<u>\$ 2,325,692</u>	<u>\$ 2,227,913</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 213,167	\$ 168,868	\$ 208,432
Accrued expenses	311,930	308,601	267,745
Short-term portion of deferred lease credits	19,449	19,751	19,723
Income taxes payable	8,189	10,326	2,880
Total current liabilities	552,735	507,546	498,780
Long-term liabilities:			
Long-term portion of deferred lease credits	\$ 75,963	\$ 75,648	\$ 78,063
Long-term portion of borrowings, net	249,920	249,686	263,714
Leasehold financing obligations	47,171	50,653	49,186
Other liabilities	187,676	189,688	171,852
Total long-term liabilities	560,730	565,675	562,815
Total Abercrombie & Fitch Co. stockholders' equity	1,137,310	1,242,379	1,157,068
Noncontrolling interests	10,074	10,092	9,250
Total stockholders' equity	1,147,384	1,252,471	1,166,318
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 2,260,849</u>	<u>\$ 2,325,692</u>	<u>\$ 2,227,913</u>

## REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

The company believes that each of the non-GAAP financial measures presented in this news release 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, and therefore supplement 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. 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 period 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 27% tax rate. In addition, the company provides comparable sales, defined as the aggregate of: (1) year-over-year 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) year-over-year direct-to-consumer 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. Due to the calendar shift in fiscal 2018, resulting from the 53rd week in fiscal 2017, comparable sales for the fiscal 2018 quarterly periods ended May 5, 2018, August 4, 2018, November 3, 2018 and February 2, 2019 are compared to the 13 weeks ended May 6, 2017, August 5, 2017, November 4, 2017 and February 3, 2018, respectively. The impact on net sales from the calendar shift, resulting from the loss of fiscal 2017's 53rd week, is the difference between net sales for the 13 weeks ended May 6, 2017, August 5, 2017, November 4, 2017 and February 3, 2018 and reported net sales for the fiscal quarters ended April 29, 2017, July 29, 2017, October 28, 2017 and February 3, 2018, respectively. 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.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended August 4, 2018**  
**(in thousands, except per share data)**  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded Items	Adjusted Non-GAAP
Asset impairment <sup>(2)</sup>	\$ 8,671	\$ 8,671	\$ —
Operating income	223	(8,671)	8,894
(Loss) income before income taxes	(2,800)	(8,671)	5,871
Income tax expense <sup>(3)</sup>	24	(647)	671
Net (loss) income attributable to Abercrombie & Fitch Co.	\$ (3,853)	\$ (8,024)	\$ 4,171
Net (loss) income per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.06)	\$ (0.12)	\$ 0.06
Diluted weighted-average shares outstanding:	68,008		69,733

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

<sup>(2)</sup> Excluded Items consist of asset impairment charges of \$8.7 million related to store assets whose carrying value exceeded fair value.

<sup>(3)</sup> Excluded Items consist of discrete tax charges of \$2.0 million related to the Tax Cuts and Jobs Act of 2017, and the tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended July 29, 2017**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<b>GAAP <sup>(1)</sup></b>	<b>Excluded Items</b>	<b>Adjusted Non-GAAP</b>
Asset impairment <sup>(2)</sup>	\$ 6,135	\$ 6,135	\$ —
Operating loss	(21,089)	(6,135)	(14,954)
Loss before income taxes	(25,178)	(6,135)	(19,043)
Income tax benefit <sup>(3)</sup>	(10,563)	(1,610)	(8,953)
Net loss attributable to Abercrombie & Fitch Co.	\$ (15,491)	\$ (4,525)	\$ (10,966)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.23)	\$ (0.07)	\$ (0.16)
Diluted weighted-average shares outstanding:	68,456		68,456

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

<sup>(2)</sup> Excluded Items consist of charges of \$6.1 million related to the impairment of store assets whose carrying value exceeded fair value.

<sup>(3)</sup> 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**  
**Twenty-six Weeks Ended August 4, 2018**  
(in thousands, except per share data)  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded Items	Adjusted Non-GAAP
Marketing, general and administrative expense <sup>(2)</sup>	\$ 248,780	\$ 5,600	\$ 243,180
Asset impairment <sup>(3)</sup>	9,727	8,671	1,056
Operating loss	(41,980)	(14,271)	(27,709)
Loss before income taxes	(48,021)	(14,271)	(33,750)
Income tax benefit <sup>(4)</sup>	(3,689)	(2,188)	(1,501)
Net loss attributable to Abercrombie & Fitch Co.	\$ (46,314)	\$ (12,083)	\$ (34,231)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.68)	\$ (0.18)	\$ (0.50)
Diluted weighted-average shares outstanding:	68,254		68,254

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

<sup>(2)</sup> Excluded Items consist of legal charges of \$5.6 million in connection with a settlement of a class action claim, subject to final court approval, related to alleged wage and hour practices.

<sup>(3)</sup> Excluded Items consist of asset impairment charges of \$8.7 million related to store assets whose carrying value exceeded fair value.

<sup>(4)</sup> Excluded Items consist of discrete tax charges of \$2.0 million related to the Tax Cuts and Jobs Act of 2017, and the tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Twenty-six Weeks Ended July 29, 2017**  
**(in thousands, except per share data)**  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded Items	Adjusted Non-GAAP
Asset impairment <sup>(2)</sup>	\$ 6,865	\$ 6,135	\$ 730
Operating loss	(91,030)	(6,135)	(84,895)
Loss before income taxes	(99,239)	(6,135)	(93,104)
Income tax benefit <sup>(3)</sup>	(23,615)	(1,610)	(22,005)
Net loss attributable to Abercrombie & Fitch Co.	\$ (77,191)	\$ (4,525)	\$ (72,666)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (1.13)	\$ (0.07)	\$ (1.06)
Diluted weighted-average shares outstanding:	68,264		68,264

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

<sup>(2)</sup> Excluded Items consist of charges of \$6.1 million related to the impairment of store assets whose carrying value exceeded fair value.

<sup>(3)</sup> 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.  
Store Count Activity**

**Thirteen Weeks Ended August 4, 2018**

	<b>Hollister <sup>(1)</sup></b>		<b>Abercrombie <sup>(2)</sup></b>		<b>Total</b>	
	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>
May 5, 2018	395	144	285	45	680	189
New	1	—	1	2	2	2
Closed	—	—	(3)	—	(3)	—
August 4, 2018	<u>396</u>	<u>144</u>	<u>283</u>	<u>47</u>	<u>679</u>	<u>191</u>

**Twenty-six Weeks Ended August 4, 2018**

	<b>Hollister <sup>(1)</sup></b>		<b>Abercrombie <sup>(2)</sup></b>		<b>Total</b>	
	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>
February 3, 2018	394	144	285	45	679	189
New	2	—	1	2	3	2
Closed	—	—	(3)	—	(3)	—
August 4, 2018	<u>396</u>	<u>144</u>	<u>283</u>	<u>47</u>	<u>679</u>	<u>191</u>

<sup>(1)</sup> Excludes seven international franchise stores as of August 4, 2018, six international franchise stores as of May 5, 2018 and five international franchise stores as of February 3, 2018.

<sup>(2)</sup> 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 six international franchise stores as of August 4, 2018 and May 5, 2018, and four international franchise stores as of February 3, 2018.