

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	April 29, 2023	% of Net Sales	April 30, 2022	% of Net Sales
Net sales	\$ 835,994	100.0 %	\$ 812,762	100.0 %
Cost of sales, exclusive of depreciation and amortization	326,200	39.0 %	363,216	44.7 %
Gross profit	509,794	61.0 %	449,546	55.3 %
Stores and distribution expense	331,613	39.7 %	337,543	41.5 %
Marketing, general and administrative expense	142,631	17.1 %	122,149	15.0 %
Asset impairment	4,436	0.5 %	3,422	0.4 %
Other operating income, net	(2,894)	(0.3)%	(3,842)	(0.5)%
Operating income (loss)	34,008	4.1 %	(9,726)	(1.2)%
Interest expense, net	3,443	0.4 %	7,307	0.9 %
Income (loss) before income taxes	30,565	3.7 %	(17,033)	(2.1)%
Income tax expense (benefit)	12,718	1.5 %	(2,187)	(0.3)%
Net income (loss)	17,847	2.1 %	(14,846)	(1.8)%
Less: Net income attributable to noncontrolling interests	1,276	0.2 %	1,623	0.2 %
Net income (loss) attributable to A&F	<u>\$ 16,571</u>	2.0 %	<u>\$ (16,469)</u>	(2.0)%
Net income (loss) per share attributable to A&F				
Basic	\$ 0.33		\$ (0.32)	
Diluted	\$ 0.32		\$ (0.32)	
Weighted-average shares outstanding:				
Basic	49,574		52,077	
Diluted	51,467		52,077	

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 April 29, 2023
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 4,436	\$ 4,436	\$ —
Operating income	34,008	(4,436)	38,444
Income before income taxes	30,565	(4,436)	35,001
Income tax expense ⁽³⁾	12,718	(1,187)	13,905
Net income attributable to A&F	16,571	(3,249)	19,820
Net income per diluted share attributable to A&F	\$ 0.32	\$ (0.06)	\$ 0.39
Diluted weighted-average shares outstanding:	51,467		51,467

⁽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
Thirteen Weeks Ended April 30, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 3,422	\$ 3,422	\$ —
Operating loss	(9,726)	(3,422)	(6,304)
Loss before income taxes	(17,033)	(3,422)	(13,611)
Income tax benefit ⁽³⁾	(2,187)	(918)	(1,269)
Net loss attributable to A&F	\$ (16,469)	\$ (2,504)	\$ (13,965)
Net loss per diluted share attributable to A&F	\$ (0.32)	\$ (0.05)	\$ (0.27)
Diluted weighted-average shares outstanding:	52,077		52,077

⁽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 \$3.4 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.
Reconciliation of Constant Currency Financial Measures
Thirteen Weeks Ended April 29, 2023 and April 30, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2023	2022	% Change
Net sales			
GAAP ⁽¹⁾	\$ 835,994	\$ 812,762	3%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,597)	1%
Net sales on a constant currency basis	\$ 835,994	\$ 804,165	4%
Gross profit			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 509,794	\$ 449,546	570
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(12,601)	100
Gross profit on a constant currency basis	\$ 509,794	\$ 436,945	670
Operating income (loss)			
	2023	2022	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 34,008	\$ (9,726)	530
Excluded items ⁽⁴⁾	(4,436)	(3,422)	(10)
Adjusted non-GAAP	\$ 38,444	\$ (6,304)	540
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,639)	110
Adjusted non-GAAP constant currency basis	\$ 38,444	\$ (14,943)	650
Net income (loss) attributable to A&F			
	2023	2022	\$ Change
GAAP ⁽¹⁾	\$ 0.32	\$ (0.32)	\$0.64
Excluded items, net of tax ⁽⁴⁾	(0.06)	(0.05)	(0.01)
Adjusted non-GAAP	\$ 0.39	\$ (0.27)	\$0.66
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.12)	0.12
Adjusted non-GAAP constant currency basis	\$ 0.39	\$ (0.39)	\$0.78

⁽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 \$4.4 million pre-tax store asset impairment charges for the current year and \$3.4 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 April 29, 2023 and April 30, 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 brand:							
Abercrombie ⁽²⁾	436,044		383,928	(3,414)	380,514	14%	15%
Hollister ⁽³⁾	\$ 399,950	\$	428,834	\$ (5,183)	\$ 423,651	(7)%	(6)%
Total company	\$ 835,994	\$	812,762	\$ (8,597)	\$ 804,165	3%	4%

	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 region: ⁽⁴⁾							
United States	\$ 636,117	\$	585,106	\$ —	\$ 585,106	9%	9%
EMEA	139,258		163,969	(5,046)	158,923	(15)%	(12)%
APAC	33,333		29,897	(1,395)	28,502	11%	17%
Other ⁽⁵⁾	27,286		33,790	(2,156)	31,634	(19)%	(14)%
International	\$ 199,877	\$	227,656	\$ (8,597)	\$ 219,059	(12)%	(9)%
Total company	\$ 835,994	\$	812,762	\$ (8,597)	\$ 804,165	3%	4%

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

⁽³⁾ Hollister includes the Hollister, Gilly Hicks and Social Tourist 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)

	April 29, 2023	January 28, 2023	April 30, 2022
Assets			
Current assets:			
Cash and equivalents	\$ 446,952	\$ 517,602	\$ 468,378
Receivables	106,149	104,506	88,807
Inventories	447,806	505,621	562,510
Other current assets	107,684	100,289	93,179
Total current assets	1,108,591	1,228,018	1,212,874
Property and equipment, net	550,810	551,585	497,976
Operating lease right-of-use assets	692,699	723,550	671,991
Other assets	205,978	209,947	224,462
Total assets	<u>\$ 2,558,078</u>	<u>\$ 2,713,100</u>	<u>\$ 2,607,303</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 221,587	\$ 258,895	\$ 311,352
Accrued expenses	340,331	413,303	320,681
Short-term portion of operating lease liabilities	188,520	213,979	195,599
Income taxes payable	19,023	16,023	25,400
Total current liabilities	769,461	902,200	853,032
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 682,996	\$ 713,361	\$ 662,322
Long-term borrowings, net	297,172	296,852	303,901
Other liabilities	97,476	94,118	83,243
Total long-term liabilities	1,077,644	1,104,331	1,049,466
Total Abercrombie & Fitch Co. stockholders' equity	701,857	694,841	695,361
Noncontrolling interests	9,116	11,728	9,444
Total stockholders' equity	710,973	706,569	704,805
Total liabilities and stockholders' equity	<u>\$ 2,558,078</u>	<u>\$ 2,713,100</u>	<u>\$ 2,607,303</u>

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

	Thirteen Weeks Ended	
	April 29, 2023	April 30, 2022
Operating activities		
Net cash used for operating activities	\$ (560)	\$ (217,787)
Investing activities		
Purchases of property and equipment	\$ (46,391)	\$ (26,292)
Proceeds from sale of property and equipment	—	7,751
Net cash used for investing activities	\$ (46,391)	\$ (18,541)
Financing activities		
Purchases of common stock	—	(100,000)
Other financing activities	(21,956)	(16,945)
Net cash used for financing activities	\$ (21,956)	\$ (116,945)
Effect of foreign currency exchange rates on cash	\$ (1,998)	\$ (2,617)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (70,905)	\$ (355,890)
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	<u>\$ 456,664</u>	<u>\$ 478,478</u>

**Abercrombie & Fitch Co.
Store Count**

Thirteen Weeks Ended April 29, 2023

	Abercrombie ⁽¹⁾		Hollister ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 28, 2023	180	53	380	149	560	202	762
New	1	2	1	2	2	4	6
Permanently closed	(2)	(1)	(4)	(3)	(6)	(4)	(10)
April 29, 2023	<u>179</u>	<u>54</u>	<u>377</u>	<u>148</u>	<u>556</u>	<u>202</u>	<u>758</u>

⁽¹⁾ 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 22 international franchise stores as of April 29, 2023, and 23 international franchise stores as of January 28, 2023.

⁽²⁾ 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 13 international franchise stores as of April 29, 2023, and 12 international franchise stores as of January 28, 2023. Excludes 20 company-operated temporary stores as of April 29, 2023 and 16 company-operated temporary stores January 28, 2023.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of April 29, 2023 and January 28, 2023.

Abercrombie & Fitch Co.

Financial Information

(Unaudited)

(in thousands, except per share data, store data, and comparable sales data)

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023	
				Q1	Q2	Q3	Q4		Q1	2023
Net sales	\$3,623,073	\$ 3,125,384	\$ 3,712,768	\$ 812,762	\$ 805,091	\$ 880,084	\$ 1,199,814	\$ 3,697,751	\$ 835,994	\$ 835,994
Cost of sales, exclusive of depreciation and amortization	1,472,155	1,234,179	1,400,773	363,216	339,200	359,268	531,529	1,593,213	326,200	326,200
Gross profit	2,150,918	1,891,205	2,311,995	449,546	465,891	520,816	668,285	2,104,538	509,794	509,794
Stores and distribution expense	1,598,500	1,379,948	1,428,323	337,543	340,791	367,333	437,264	1,482,931	331,613	331,613
Marketing, general and administrative expense	464,615	463,843	536,815	122,149	124,168	133,201	138,084	517,602	142,631	142,631
Asset impairment	19,135	72,937	12,100	3,422	2,170	3,744	4,695	14,031	4,436	4,436
Other operating (income) loss, net	(1,400)	(5,054)	(8,327)	(3,842)	953	(1,005)	1,220	(2,674)	(2,893)	(2,893)
Operating income (loss)	70,068	(20,469)	343,084	(9,726)	(2,191)	17,543	87,022	92,648	34,007	34,007
Interest expense, net	7,737	28,274	34,110	7,307	6,917	7,295	4,113	25,632	3,443	3,443
Income (loss) before income taxes	62,331	(48,743)	308,974	(17,033)	(9,108)	10,248	82,909	67,016	30,564	30,564
Income tax expense (benefit)	17,371	60,211	38,908	(2,187)	5,634	10,966	42,218	56,631	12,717	12,717
Net income (loss)	44,960	(108,654)	270,066	(14,846)	(14,742)	(718)	40,691	10,385	17,847	17,847
Less: Net income attributable to noncontrolling interests	5,602	5,067	7,056	1,623	2,092	1,496	2,358	7,569	1,276	1,276
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 39,358</u>	<u>\$ (114,021)</u>	<u>\$ 263,010</u>	<u>\$ (16,469)</u>	<u>\$ (16,834)</u>	<u>\$ (2,214)</u>	<u>\$ 38,333</u>	<u>\$ 2,816</u>	<u>\$ 16,571</u>	<u>\$ 16,571</u>

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

Basic	\$0.61	\$(1.82)	\$4.41	\$(0.32)	\$(0.33)	\$(0.04)	\$0.78	\$0.06	\$0.33	\$0.33
Diluted	\$0.60	\$(1.82)	\$4.20	\$(0.32)	\$(0.33)	\$(0.04)	\$0.75	\$0.05	\$0.32	\$0.32

Weighted-average shares outstanding:

Basic	64,428	62,551	59,597	52,077	50,441	49,486	49,216	50,307	49,574	49,574
Diluted	65,778	62,551	62,636	52,077	50,441	49,486	51,217	52,327	51,467	51,467

Comparable sales

Abercrombie comparable sales ⁽¹⁾⁽²⁾	3%	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	14%	14%
Hollister comparable sales ⁽¹⁾⁽³⁾	-1%	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	-3%	-3%
Comparable sales ⁽¹⁾	1%	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>	3%	3%

⁽¹⁾ Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. The Company did not provide comparable sales results for fiscal 2020, fiscal 2021 or fiscal 2022 due to temporary store closures as a result of COVID-19.

⁽²⁾ Abercrombie includes the Company's Abercrombie & Fitch and abercrombie kids brands.

⁽³⁾ Hollister includes the Company's Hollister, Gilly Hicks, and Social Tourist brands.

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

	2019	2020	2021	2022	<u>Fiscal 2023</u> Q1 YTD
Cash flow and capital allocation:					
Net cash provided by (used for) operating activities	\$ 300,685	\$ 404,918	\$ 277,782	\$ (2,343)	\$ (560)
Net cash used for investing activities	\$ (202,784)	\$ (51,910)	\$ (96,979)	\$ (140,675)	\$ (46,391)
Net cash (used for) provided by financing activities (YTD)	\$ (147,873)	\$ 69,717	\$ (446,898)	\$ (155,329)	\$ (21,956)
 Capital expenditures	 \$ 202,784	 \$ 101,910	 \$ 96,979	 \$ 164,566	 \$ 46,391
 Number of shares repurchased as part of publicly announced plans or programs	 3,957	 1,397	 10,200	 4,770	 —
Average price per share paid	\$ 16.06	\$ 10.86	\$ 36.99	\$ 26.37	\$ —
 Cost of shares repurchased	 \$ 63,542	 \$ 15,172	 \$ 377,290	 \$ 125,775	 \$ —
Dividends	51,510	12,556	—	—	—
Total	<u>\$ 115,052</u>	<u>\$ 27,728</u>	<u>\$ 377,290</u>	<u>\$ 125,775</u>	<u>\$ —</u>
 Shares outstanding	 62,786	 62,399	 52,985	 49,002	 50,062

Abercrombie & Fitch Co.
Store fleet detail
(Unaudited)

Total Company

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1	Q2	Q3	Q4		Q1
Legacy stores	430	322	282	279	278	273	261	261	250
Updated formats	353	354	390	394	397	420	440	440	453
Outlet stores	56	52	52	51	55	54	59	59	53
Flagship stores	15	7	5	4	4	4	2	2	2
Total Company stores	854	735	729	728	734	751	762	762	758
Total Company gross square feet - end of period	6,303	5,232	5,052	5,029	5,059	5,100	5,068	5,068	5,023

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1YTD	Q2YTD	Q3YTD	Q4YTD		Q1YTD
New stores	40	15	38	4	11	31	59	59	6
Remodels	24	4	2	1	1	2	1	1	3
Right-sizes	26	6	5	0	0	6	8	8	1
New experiences	90	25	45	5	12	39	68	68	10
Permanent closures	(47)	(137)	(44)	(5)	(7)	(9)	(26)	(26)	(10)

Abercrombie

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1	Q2	Q3	Q4		Q1
Legacy stores	190	123	97	94	94	90	88	88	83
Updated formats	63	69	86	87	87	97	106	106	111
Outlet stores	41	40	37	36	37	38	37	37	37
Flagship stores	14	6	4	3	3	3	2	2	2
Total stores	308	238	224	220	221	228	233	233	233

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1YTD	Q2YTD	Q3YTD	Q4YTD		Q1YTD
New stores	21	9	16	1	2	10	21	21	3
Remodels	0	0	0	0	0	0	0	0	0
Right-sizes	14	2	3	0	0	3	4	4	0
New experiences	35	11	19	1	2	13	25	25	3
Permanent closures	(32)	(81)	(30)	(5)	(5)	(6)	(12)	(12)	(3)

Abercrombie & Fitch Co.
Store fleet detail
(Unaudited)

Hollister

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1	Q2	Q3	Q4		Q1
Legacy stores	240	199	185	185	184	183	173	173	167
Updated formats	290	285	304	307	310	323	334	334	342
Outlet stores	15	12	15	15	18	16	22	22	16
Flagship stores	1	1	1	1	1	1	0	0	0
Total stores	546	497	505	508	513	523	529	529	525

	2019	2020	2021	Fiscal 2022				2022	Fiscal 2023
				Q1YTD	Q2YTD	Q3YTD	Q4YTD		Q1YTD
New stores	19	6	22	3	9	21	38	38	3
Remodels	24	4	2	1	1	2	1	1	3
Right-sizes	12	4	2	0	0	3	4	4	1
New experiences	55	14	26	4	10	26	43	43	7
Permanent closures	(15)	(56)	(14)	—	(2)	(3)	(14)	(14)	(7)