

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	January 28, 2023	% of Net Sales	January 29, 2022	% of Net Sales
Net sales	\$ 1,199,814	100.0 %	\$ 1,161,353	100.0 %
Cost of sales, exclusive of depreciation and amortization	531,529	44.3 %	484,221	41.7 %
Gross profit	668,285	55.7 %	677,132	58.3 %
Stores and distribution expense	437,264	36.4 %	435,153	37.5 %
Marketing, general and administrative expense	138,084	11.5 %	145,686	12.5 %
Asset impairment	4,695	0.4 %	1,901	0.2 %
Other operating expense (income), net	1,220	0.1 %	(3,741)	(0.3)%
Operating income	87,022	7.3 %	98,133	8.4 %
Interest expense, net	4,113	0.3 %	6,959	0.6 %
Income before income taxes	82,909	6.9 %	91,174	7.9 %
Income tax expense	42,218	3.5 %	23,348	2.0 %
Net income	40,691	3.4 %	67,826	5.8 %
Less: Net income attributable to noncontrolling interests	2,358	0.2 %	2,317	0.2 %
Net income attributable to A&F	<u>\$ 38,333</u>	3.2 %	<u>\$ 65,509</u>	5.6 %

Net income per share attributable to A&F

Basic	\$ 0.78	\$ 1.18
Diluted	\$ 0.75	\$ 1.12

Weighted-average shares outstanding:

Basic	49,216	55,740
Diluted	51,217	58,700

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	Fifty-Two Weeks Ended		Fifty-Two Weeks Ended	
	January 28, 2023	% of Net Sales	January 29, 2022	% of Net Sales
Net sales	\$ 3,697,751	100.0 %	\$ 3,712,768	100.0 %
Cost of sales, exclusive of depreciation and amortization	1,593,213	43.1 %	1,400,773	37.7 %
Gross profit	2,104,538	56.9 %	2,311,995	62.3 %
Stores and distribution expense	1,482,931	40.1 %	1,428,323	38.5 %
Marketing, general and administrative expense	517,602	14.0 %	536,815	14.5 %
Asset impairment	14,031	0.4 %	12,100	0.3 %
Other operating income, net	(2,674)	(0.1)%	(8,327)	(0.2)%
Operating income	92,648	2.5 %	343,084	9.2 %
Interest expense, net	25,632	0.7 %	34,110	0.9 %
Income before income taxes	67,016	1.8 %	308,974	8.3 %
Income tax expense	56,631	1.5 %	38,908	1.0 %
Net income	10,385	0.3 %	270,066	7.3 %
Less: Net income attributable to noncontrolling interests	7,569	0.2 %	7,056	0.2 %
Net income attributable to A&F	<u>\$ 2,816</u>	0.1 %	<u>\$ 263,010</u>	7.1 %
Net income per share attributable to A&F				
Basic	\$ 0.06		\$ 4.41	
Diluted	\$ 0.05		\$ 4.20	
Weighted-average shares outstanding:				
Basic	50,307		59,597	
Diluted	52,327		62,636	

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. In light of store closures related to COVID-19, the Company has not disclosed comparable sales for Fiscal 2022.

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 January 28, 2023
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 4,695	\$ 4,695	\$ —
Operating income	87,022	(4,695)	91,717
Income before income taxes	82,909	(4,695)	87,604
Income tax expense ⁽³⁾	42,218	(1,297)	43,515
Net income attributable to A&F	\$ 38,333	\$ (3,398)	\$ 41,731
Net income per diluted share attributable to A&F	\$ 0.75	\$ (0.07)	\$ 0.81
Diluted weighted-average shares outstanding:	51,217		51,217

⁽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 \$4.7 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 January 29, 2022
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded items</u>	<u>Adjusted non-GAAP</u>
Asset impairment ⁽²⁾	\$ 1,901	\$ 1,901	\$ —
Operating income	98,133	(1,901)	100,034
Income before income taxes ⁽²⁾	91,174	(1,901)	93,075
Income tax expense ⁽³⁾	23,348	(373)	23,721
Net income attributable to A&F	\$ 65,509	\$ (1,528)	\$ 67,037
Net income per diluted share attributable to A&F	\$ 1.12	\$ (0.03)	\$ 1.14
Diluted weighted-average shares outstanding:	58,700		58,700

⁽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 \$1.9 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
Fifty-Two Weeks Ended January 28, 2023
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment ⁽²⁾	\$ 14,031	\$ 14,031	\$ —
Operating income	92,648	(14,031)	106,679
Income before income taxes	67,016	(14,031)	81,047
Income tax expense ⁽³⁾	56,631	(3,802)	60,433
Net income attributable to A&F	\$ 2,816	\$ (10,229)	\$ 13,045
Net income per diluted share attributable to A&F	\$ 0.05	\$ (0.20)	\$ 0.25
Diluted weighted-average shares outstanding:	52,327		52,327

⁽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 \$14.0 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
Fifty-Two Weeks Ended January 29, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Asset impairment ⁽²⁾	\$ 12,100	\$ 12,100	\$ —
Operating income	343,084	(12,100)	355,184
Income before income taxes	308,974	(12,100)	321,074
Income tax expense ⁽³⁾	38,908	(2,421)	41,329
Net income attributable to A&F	\$ 263,010	\$ (9,679)	\$ 272,689
Net income per diluted share attributable to A&F	\$ 4.20	\$ (0.15)	\$ 4.35
Diluted weighted-average shares outstanding:	62,636		62,636

⁽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 \$12.1 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 January 28, 2023 and January 29, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

Net sales	2022	2021	% Change
GAAP ⁽¹⁾	\$ 1,199,814	\$ 1,161,353	3%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(23,290)	2%
Net sales on a constant currency basis	\$ 1,199,814	\$ 1,138,063	5%
Gross profit	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 668,285	\$ 677,132	(260)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(25,027)	100
Gross profit on a constant currency basis	\$ 668,285	\$ 652,105	(160)
Operating income	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 87,022	\$ 98,133	(110)
Excluded items ⁽⁴⁾	(4,695)	(1,901)	10
Adjusted non-GAAP	\$ 91,717	\$ 100,034	(100)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(18,145)	140
Adjusted non-GAAP constant currency basis	\$ 91,717	\$ 81,889	40
Net income per share attributable to A&F	2022	2021	\$ Change
GAAP ⁽¹⁾	\$ 0.75	\$ 1.12	\$(0.37)
Excluded items, net of tax ⁽⁴⁾	(0.07)	(0.03)	0.04
Adjusted non-GAAP	\$ 0.81	\$ 1.14	\$(0.33)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.23)	0.23
Adjusted non-GAAP on a constant currency basis	\$ 0.81	\$ 0.91	\$(0.10)

⁽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 pre-tax asset store impairment charges of \$4.7 million and \$1.9 million for the current year and prior year, respectively.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Financial Measures
Fifty-Two Weeks Ended January 28, 2023 and January 29, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

Net sales	2022	2021	% Change
GAAP ⁽¹⁾	\$ 3,697,751	\$ 3,712,768	0%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(81,803)	2%
Net sales on a constant currency basis	\$ 3,697,751	\$ 3,630,965	2%
Gross profit	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 2,104,538	\$ 2,311,995	(540)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(66,846)	50
Gross profit on a constant currency basis	\$ 2,104,538	\$ 2,245,149	(490)
Operating income	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 92,648	\$ 343,084	(670)
Excluded items ⁽⁴⁾	(14,031)	(12,100)	0
Adjusted non-GAAP	\$ 106,679	\$ 355,184	(670)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(30,130)	60
Adjusted non-GAAP on a constant currency basis	\$ 106,679	\$ 325,054	(610)
Net income per share attributable to A&F	2022	2021	\$ Change
GAAP ⁽¹⁾	\$ 0.05	\$ 4.20	\$(4.15)
Excluded items, net of tax ⁽⁴⁾	(0.20)	(0.15)	(0.05)
Adjusted non-GAAP	\$ 0.25	\$ 4.35	\$(4.10)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.36)	0.36
Adjusted non-GAAP on a constant currency basis	\$ 0.25	\$ 3.99	\$(3.74)

⁽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 pre-tax asset store impairment charges of \$14.0 million and \$12.1 million for the current year and prior year, respectively.

Abercrombie & Fitch Co.
Reconciliation of Constant Currency Net Sales by Brand and Geography
Thirteen Weeks Ended January 28, 2023 and January 29, 2022
(in thousands, except percentage changes)
(Unaudited)

	2022		2021		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:						
Hollister ⁽²⁾	\$ 639,376	\$ 668,777	\$ (15,575)	\$ 653,202	(4)%	(2)%
Abercrombie ⁽³⁾	560,438	492,576	(7,715)	484,861	14%	16%
Total company	\$ 1,199,814	\$ 1,161,353	\$ (23,290)	\$ 1,138,063	3%	5%

	2022		2021		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	\$ 920,533	\$ 841,687	\$ —	\$ 841,687	9%	9%
EMEA	195,253	226,074	(15,839)	210,235	(14)%	(7)%
APAC	36,400	46,212	(4,600)	41,612	(21)%	(13)%
Other ⁽⁵⁾	47,628	47,380	(2,851)	44,529	1%	7%
International	\$ 279,281	\$ 319,666	\$ (23,290)	\$ 296,376	(13)%	(6)%
Total company	\$ 1,199,814	\$ 1,161,353	\$ (23,290)	\$ 1,138,063	3%	5%

⁽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.
Reconciliation of Constant Currency Net Sales by Brand and Geography
Fifty-Two Weeks Ended January 28, 2023 and January 29, 2022
(in thousands, except percentage changes)
(Unaudited)

	2022		2021		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:						
Hollister ⁽²⁾	\$ 1,962,885	\$ 2,147,979	\$ (56,855)	\$ 2,091,124	(9)%	(6)%
Abercrombie ⁽³⁾	1,734,866	1,564,789	(24,948)	1,539,841	11%	13%
Total company	\$ 3,697,751	\$ 3,712,768	\$ (81,803)	\$ 3,630,965	—%	2%

	2022		2021		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	\$ 2,758,294	\$ 2,652,158	\$ —	\$ 2,652,158	4%	4%
EMEA	665,828	755,072	(61,083)	693,989	(12)%	(4)%
APAC	122,367	171,701	(14,119)	157,582	(29)%	(22)%
Other ⁽⁵⁾	151,262	133,837	(6,601)	127,236	13%	19%
International	\$ 939,457	\$ 1,060,610	\$ (81,803)	\$ 978,807	(11)%	(4)%
Total company	\$ 3,697,751	\$ 3,712,768	\$ (81,803)	\$ 3,630,965	—%	2%

⁽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)

	<u>January 28, 2023</u>	<u>January 29, 2022</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 517,602	\$ 823,139
Receivables	104,506	69,102
Inventories	505,621	525,864
Other current assets	<u>100,289</u>	<u>89,654</u>
Total current assets	1,228,018	1,507,759
Property and equipment, net	551,585	508,336
Operating lease right-of-use assets	723,550	698,231
Other assets	<u>209,947</u>	<u>225,165</u>
Total assets	<u>\$ 2,713,100</u>	<u>\$ 2,939,491</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable	\$ 258,895	\$ 374,829
Accrued expenses	413,303	395,815
Short-term portion of operating lease liabilities	213,979	222,823
Income taxes payable	<u>16,023</u>	<u>21,773</u>
Total current liabilities	902,200	1,015,240
Long-term liabilities:		
Long-term portion of operating lease liabilities	\$ 713,361	\$ 697,264
Long-term borrowings, net	296,852	303,574
Other liabilities	<u>94,118</u>	<u>86,089</u>
Total long-term liabilities	1,104,331	1,086,927
Total Abercrombie & Fitch Co. stockholders' equity	694,841	826,090
Noncontrolling interests	<u>11,728</u>	<u>11,234</u>
Total stockholders' equity	<u>706,569</u>	<u>837,324</u>
Total liabilities and stockholders' equity	<u>\$ 2,713,100</u>	<u>\$ 2,939,491</u>

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

	Fifty-Two Weeks Ended	
	January 28, 2023	January 29, 2022
Operating activities		
Net cash (used for) provided by operating activities	\$ (2,343)	\$ 277,782
Investing activities		
Purchases of property and equipment	\$ (164,566)	\$ (96,979)
Proceeds from the sale of property and equipment	11,891	—
Withdrawal of Rabbi Trust assets	12,000	—
Net cash used for investing activities	\$ (140,675)	\$ (96,979)
Financing activities		
Purchase of senior secured notes	(7,862)	(46,969)
Payment of debt issuance costs and fees	(181)	(2,016)
Purchases of common stock	(125,775)	(377,290)
Other financing activities	(21,511)	(20,623)
Net cash used for financing activities	\$ (155,329)	\$ (446,898)
Effect of foreign currency exchange rates on cash	\$ (8,452)	\$ (23,694)
Net decrease in cash and equivalents, and restricted cash and equivalents	\$ (306,799)	\$ (289,789)
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	<u>\$ 527,569</u>	<u>\$ 834,368</u>

Abercrombie & Fitch Co.
Store Count Activity

Thirteen Weeks Ended January 28, 2023

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		Total
	United States	International	United States	International	United States	International	
October 29, 2022	367	156	174	54	541	210	751
New	17	—	8	3	25	3	28
Permanently closed	(4)	(7)	(2)	(4)	(6)	(11)	(17)
January 28, 2023	<u>380</u>	<u>149</u>	<u>180</u>	<u>53</u>	<u>560</u>	<u>202</u>	<u>762</u>

Fifty-Two Weeks Ended January 28, 2023

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		Total
	United States	International	United States	International	United States	International	
January 29, 2022	351	154	173	51	524	205	729
New	33	5	13	8	46	13	59
Permanently closed	(4)	(10)	(6)	(6)	(10)	(16)	(26)
January 28, 2023	<u>380</u>	<u>149</u>	<u>180</u>	<u>53</u>	<u>560</u>	<u>202</u>	<u>762</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 12 international franchise stores as of January 28, 2023, 10 international franchise stores as of October 29, 2022, and 9 international franchise stores as of January 29, 2022. Excludes 16 Company-operated temporary stores as of January 28, 2023 and 14 Company-operated temporary stores as of October 29, 2022 and 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 23 international franchise stores as of January 28, 2023, 19 international franchise stores as of October 29, 2022, and 14 international franchise stores as of January 29, 2022. Excludes three Company-operated temporary stores as of January 28, 2023, four temporary stores as of October 29, 2022, and five 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 January 28, 2023, October 29, 2022, and January 29, 2022.