

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 30, 2021	% of Net Sales	October 31, 2020	% of Net Sales
Net sales	\$ 905,160	100.0 %	\$ 819,653	100.0 %
Cost of sales, exclusive of depreciation and amortization	328,916	36.3 %	295,220	36.0 %
Gross profit	576,244	63.7 %	524,433	64.0 %
Stores and distribution expense	351,804	38.9 %	346,263	42.2 %
Marketing, general and administrative expense	146,269	16.2 %	121,000	14.8 %
Flagship store exit benefits (costs)	11	0.0 %	(8,063)	(1.0)%
Asset impairment, exclusive of flagship store exit charges	6,749	0.7 %	6,329	0.8 %
Other operating (income) expense, net	(1,320)	(0.1)%	288	0.0 %
Operating income	72,731	8.0 %	58,616	7.2 %
Interest expense, net	7,270	0.8 %	8,808	1.1 %
Income before income taxes	65,461	7.2 %	49,808	6.1 %
Income tax expense	16,383	1.8 %	5,779	0.7 %
Net income	49,078	5.4 %	44,029	5.4 %
Less: Net income attributable to noncontrolling interests	1,845	0.2 %	1,758	0.2 %
Net income attributable to Abercrombie & Fitch Co.	<u>\$ 47,233</u>	5.2 %	<u>\$ 42,271</u>	5.2 %

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

Basic	\$ 0.80	\$ 0.68
Diluted	\$ 0.77	\$ 0.66

Weighted-average shares outstanding:

Basic	58,796	62,558
Diluted	61,465	63,877

Abercrombie & Fitch Co.
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(Unaudited)

	Thirty-nine Weeks Ended		Thirty-nine Weeks Ended	
	October 30, 2021	% of Net Sales	October 31, 2020	% of Net Sales
Net sales	\$ 2,551,415	100.0 %	\$ 2,003,340	100.0 %
Cost of sales, exclusive of depreciation and amortization	916,552	35.9 %	791,154	39.5 %
Gross profit	1,634,863	64.1 %	1,212,186	60.5 %
Stores and distribution expense	994,347	39.0 %	978,757	48.9 %
Marketing, general and administrative expense	391,129	15.3 %	326,509	16.3 %
Flagship store exit benefits	(1,177)	0.0 %	(12,490)	(0.6)%
Asset impairment, exclusive of flagship store exit charges	10,199	0.4 %	57,340	2.9 %
Other operating income, net	(4,586)	(0.2)%	(1,562)	(0.1)%
Operating income (loss)	244,951	9.6 %	(136,368)	(6.8)%
Interest expense, net	27,151	1.1 %	19,277	1.0 %
Income (loss) before income taxes	217,800	8.5 %	(155,645)	(7.8)%
Income tax expense	15,560	0.6 %	38,565	1.9 %
Net income (loss)	202,240	7.9 %	(194,210)	(9.7)%
Less: Net income attributable to noncontrolling interests	4,739	0.2 %	2,203	0.1 %
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 197,501</u>	7.7 %	<u>\$ (196,413)</u>	(9.8)%

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

Basic	\$ 3.24	\$ (3.14)
Diluted	\$ 3.10	\$ (3.14)

Weighted-average shares outstanding:

Basic	60,879	62,541
Diluted	63,770	62,541

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 primarily attributable to the COVID-19 pandemic or related to the company's flagship stores, 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 2021.

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 30, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽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 Abercrombie & Fitch Co.	\$ 47,233	\$ (5,374)	\$ 52,607
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 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
Thirteen Weeks Ended October 31, 2020
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 6,329	\$ 6,329	\$ —
Operating income	58,616	(6,329)	64,945
Income before income taxes	49,808	(6,329)	56,137
Income tax expense ⁽³⁾	5,779	(369)	6,148
Net income attributable to Abercrombie & Fitch Co.	\$ 42,271	\$ (5,960)	\$ 48,231
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.66	\$ (0.09)	\$ 0.76
Diluted weighted-average shares outstanding:	63,877		63,877

⁽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 \$6.3 million, which are principally the result of the impact of COVID-19 on store cash flows.

⁽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, exclusive of flagship store exit charges ⁽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 Abercrombie & Fitch Co.	\$ 197,501	\$ (8,151)	\$ 205,652
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 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.
Schedule of Non-GAAP Financial Measures
Thirty-nine Weeks Ended October 31, 2020
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 57,340	\$ 57,340	\$ —
Operating loss	(136,368)	(57,340)	(79,028)
Loss before income taxes	(155,645)	(57,340)	(98,305)
Income tax expense ⁽³⁾	38,565	(3,635)	42,200
Net loss attributable to Abercrombie & Fitch Co.	\$ (196,413)	\$ (53,705)	\$ (142,708)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (3.14)	\$ (0.86)	\$ (2.28)
Diluted weighted-average shares outstanding:	62,541		62,541

⁽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 \$57.3 million, which are principally the result of the impact of COVID-19 on store cash flows.

⁽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 30, 2021
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2021	2020	% Change
Net sales			
GAAP ⁽¹⁾	\$ 905,160	\$ 819,653	10%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	3,540	—%
Net sales on a constant currency basis	\$ 905,160	\$ 823,193	10%
Gross profit			
	2021	2020	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 576,244	\$ 524,433	(30)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(1,702)	50
Gross profit on a constant currency basis	\$ 576,244	\$ 522,731	20
Operating income			
	2021	2020	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 72,731	\$ 58,616	80
Excluded items ⁽⁴⁾	(6,749)	(6,329)	10
Adjusted non-GAAP	\$ 79,480	\$ 64,945	90
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(4,067)	50
Adjusted non-GAAP constant currency basis	\$ 79,480	\$ 60,878	140
Net income per diluted share attributable to Abercrombie & Fitch Co.			
	2021	2020	\$ Change
GAAP ⁽¹⁾	\$ 0.77	\$ 0.66	\$0.11
Excluded items, net of tax ⁽⁴⁾	(0.09)	(0.09)	0.00
Adjusted non-GAAP	\$ 0.86	\$ 0.76	\$0.10
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.05)	0.05
Adjusted non-GAAP constant currency basis	\$ 0.86	\$ 0.71	\$0.15

⁽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 store asset impairment charges of \$6.7 million and \$6.3 million for the current year and prior year, respectively.

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

	October 30, 2021	January 30, 2021	October 31, 2020
Assets			
Current assets:			
Cash and equivalents	\$ 865,622	\$ 1,104,862	\$ 812,881
Receivables	83,447	83,857	89,074
Inventories	543,713	404,053	545,548
Other current assets	111,423	68,857	73,776
Total current assets	1,604,205	1,661,629	1,521,279
Property and equipment, net	516,176	550,587	593,932
Operating lease right-of-use assets	762,641	893,989	955,781
Other assets	229,512	208,697	205,970
Total assets	\$ 3,112,534	\$ 3,314,902	\$ 3,276,962
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 424,560	\$ 289,396	\$ 334,775
Accrued expenses	355,149	396,365	356,370
Short-term portion of operating lease liabilities	209,812	248,846	255,775
Income taxes payable	39,900	24,792	6,663
Total current liabilities	1,029,421	959,399	953,583
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 764,346	\$ 957,588	\$ 1,010,051
Long-term borrowings, net	303,247	343,910	343,559
Other liabilities	97,191	104,693	110,965
Total long-term liabilities	1,164,784	1,406,191	1,464,575
Total Abercrombie & Fitch Co. stockholders' equity	908,934	936,628	849,379
Noncontrolling interests	9,395	12,684	9,425
Total stockholders' equity	918,329	949,312	858,804
Total liabilities and stockholders' equity	\$ 3,112,534	\$ 3,314,902	\$ 3,276,962

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

	Thirty-nine Weeks Ended	
	October 30, 2021	October 31, 2020
Operating activities		
Net cash provided by operating activities	\$ 131,287	\$ 108,894
Investing activities		
Purchases of property and equipment	\$ (62,223)	\$ (91,748)
Withdrawal of funds from Rabbi Trust assets ⁽¹⁾	—	50,000
Net cash used for investing activities	\$ (62,223)	\$ (41,748)
Financing activities		
Proceeds from issuance of senior secured notes	—	350,000
Proceeds from borrowings under the asset-based senior secured credit facility	—	210,000
Repayment of term loan facility borrowings	—	(233,250)
Repayment of borrowings under the asset-based senior secured credit facility	—	(210,000)
Purchase of senior secured notes	(46,969)	—
Payment of debt issuance or modification costs and fees	(2,016)	(7,151)
Purchases of common stock	(235,249)	(15,172)
Dividends paid	—	(12,556)
Other financing activities	(20,124)	(11,742)
Net cash (used for) provided by financing activities	\$ (304,358)	\$ 70,129
Effect of foreign currency exchange rates on cash	\$ (8,560)	\$ 2,269
Net (decrease) increase in cash and equivalents, and restricted cash and equivalents	\$ (243,854)	\$ 139,544
Cash and equivalents, and restricted cash and equivalents, beginning of period	\$ 1,124,157	\$ 692,264
Cash and equivalents, and restricted cash and equivalents, end of period	\$ 880,303	\$ 831,808

⁽¹⁾ As disclosed in the Form 10-K for the year ended January 30, 2021, during the fourth quarter ended January 30, 2021, an error relating to the cash flow presentation of the \$50 million withdrawal of the excess funds from the company's Rabbi Trust assets was identified. The cash flows presented for the year-to-date periods ended May 2, 2020, August 1, 2020, and October 31, 2020 incorrectly classified such withdrawal as a cash inflow from operating activities, rather than a cash inflow from investing activities. This cash flow statement reflects the correct classification.

**Abercrombie & Fitch Co.
Store Count**

Thirteen Weeks Ended October 30, 2021

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
July 31, 2021	355	150	179	49	534	199	733
New	1	1	2	1	3	2	5
Permanently closed	(1)	—	—	(2)	(1)	(2)	(3)
October 30, 2021	355	151	181	48	536	199	735

Thirty-Nine Weeks Ended October 30, 2021

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 30, 2021	347	150	190	48	537	198	735
New	9	5	6	3	15	8	23
Permanently closed	(1)	(4)	(15)	(3)	(16)	(7)	(23)
October 30, 2021	355	151	181	48	536	199	735

⁽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 30, 2021, 10 international franchise stores as of July 31, 2021, and 9 international franchise stores as of January 30, 2021. Excludes 14 Company-operated temporary stores as of each of October 30, 2021 and July 31, 2021, and 12 Company-operated temporary stores as of January 30, 2021.

⁽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 13 international franchise stores as of October 30, 2021, 12 international franchise stores as of and July 31, 2021, and 10 international franchise stores as of January 30, 2021. Excludes four Company-operated temporary stores as of each of October 30, 2021 and July 31, 2021, and two Company-operated temporary stores as of January 30, 2021.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of October 30, 2021, July 31, 2021, and January 30, 2021.

Abercrombie & Fitch Co.

Financial Information

(Unaudited)

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

	2017 ⁽¹⁾	2018	2019	Fiscal 2020				2020	Fiscal 2021			2021
				Q1	Q2	Q3	Q4		Q1	Q2	Q3	
Net sales	\$ 3,492,690	\$ 3,590,109	\$ 3,623,073	\$ 485,359	\$ 698,328	\$ 819,653	\$ 1,122,044	\$ 3,125,384	\$ 781,405	\$ 864,850	\$ 905,160	\$ 2,551,415
Cost of sales, exclusive of depreciation and amortization	1,408,848	1,430,193	1,472,155	221,214	274,720	295,220	443,025	1,234,179	286,271	301,365	328,916	916,552
Gross profit	2,083,842	2,159,916	2,150,918	264,145	423,608	524,433	679,019	1,891,205	495,134	563,485	576,244	1,634,863
Stores and distribution expense	1,540,032	1,536,216	1,551,243	322,124	310,370	346,263	412,827	1,391,584	316,608	325,935	351,804	994,347
Marketing, general and administrative expense	471,914	484,863	464,615	108,257	97,252	121,000	137,334	463,843	120,947	123,913	146,269	391,129
Flagship store exit charges (benefits)	2,393	5,806	47,257	(543)	(3,884)	(8,063)	854	(11,636)	(1,100)	(88)	11	(1,177)
Asset impairment, exclusive of flagship store exit charges	14,391	11,580	19,135	42,928	8,083	6,329	15,597	72,937	2,664	786	6,749	10,199
Other operating (income) loss, net	(16,938)	(5,915)	(1,400)	506	(2,356)	288	(3,492)	(5,054)	(1,418)	(1,848)	(1,320)	(4,586)
Operating income (loss)	72,050	127,366	70,068	(209,127)	14,143	58,616	115,899	(20,469)	57,433	114,787	72,731	244,951
Interest expense, net	16,889	10,999	7,737	3,371	7,098	8,808	8,997	28,274	8,606	11,275	7,270	27,151
Income (loss) before income taxes	55,161	116,367	62,331	(212,498)	7,045	49,808	106,902	(48,743)	48,827	103,512	65,461	217,800
Income tax expense (benefit)	44,636	37,559	17,371	31,533	1,253	5,779	21,646	60,211	6,121	(6,944)	16,383	15,560
Net income (loss)	10,525	78,808	44,960	(244,031)	5,792	44,029	85,256	(108,954)	42,706	110,456	49,078	202,240
Less: Net income attributable to noncontrolling interests	3,431	4,267	5,602	117	328	1,758	2,864	5,067	938	1,956	1,845	4,739
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 7,094</u>	<u>\$ 74,541</u>	<u>\$ 39,358</u>	<u>\$ (244,148)</u>	<u>\$ 5,464</u>	<u>\$ 42,271</u>	<u>\$ 82,392</u>	<u>\$ (114,021)</u>	<u>\$ 41,768</u>	<u>\$ 108,500</u>	<u>\$ 47,233</u>	<u>\$ 197,501</u>

	2017 ⁽¹⁾	2018	2019	Fiscal 2020				2020	Fiscal 2021			2021
				Q1	Q2	Q3	Q4		Q1	Q2	Q3	
Net income (loss) per share attributable to Abercrombie & Fitch Co.:												
Basic	\$ 0.10	\$ 1.11	\$ 0.61	\$ (3.90)	\$ 0.09	\$ 0.68	\$ 1.32	\$ (1.82)	\$ 0.67	\$ 1.77	\$ 0.80	\$ 3.24
Diluted	\$ 0.10	\$ 1.08	\$ 0.60	\$ (3.90)	\$ 0.09	\$ 0.66	\$ 1.27	\$ (1.82)	\$ 0.64	\$ 1.69	\$ 0.77	\$ 3.10
Weighted-average shares outstanding:												
Basic	68,391	67,350	64,428	62,541	62,527	62,558	62,581	62,551	62,380	61,428	58,796	60,879
Diluted	69,403	69,137	65,778	62,541	63,286	63,877	64,788	62,551	65,305	64,136	61,465	63,770
Hollister comparable sales ⁽²⁾⁽³⁾	8 %	5 %	(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>	<i>Not provided</i>	<i>Not provided</i>
Abercrombie comparable sales ⁽²⁾⁽⁴⁾	(2)%	1 %	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>	<i>Not provided</i>	<i>Not provided</i>
Comparable sales ⁽²⁾	3 %	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>	<i>Not provided</i>	<i>Not provided</i>
Shares outstanding	68,195	66,227	62,786	62,284	62,365	62,384	62,399	62,399	61,935	59,692	57,037	57,037
Number of stores - end of period	868	861	857	853	854	853	735	735	731	733	735	735
Gross square feet - end of period	6,710	6,566	6,314	6,285	6,296	6,235	5,232	5,232	5,189	5,150	5,159	5,159

⁽¹⁾ Fiscal 2017 was a fifty-three week year.

⁽²⁾ 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 or fiscal 2021 due to widespread temporary store closures as a result of COVID-19.

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

⁽⁴⁾ Abercrombie includes the Company's Abercrombie & Fitch and abercrombie kids brands.