

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	May 1, 2021	% of Net Sales	May 2, 2020	% of Net Sales
Net sales	\$ 781,405	100.0 %	\$ 485,359	100.0 %
Cost of sales, exclusive of depreciation and amortization	286,271	36.6 %	221,214	45.6 %
Gross profit	495,134	63.4 %	264,145	54.4 %
Stores and distribution expense	316,608	40.5 %	322,124	66.4 %
Marketing, general and administrative expense	120,947	15.5 %	108,257	22.3 %
Flagship store exit benefits	(1,100)	(0.1)%	(543)	(0.1)%
Asset impairment, exclusive of flagship store exit charges	2,664	0.3 %	42,928	8.8 %
Other operating (income) loss, net	(1,418)	(0.2)%	506	0.1 %
Operating income (loss)	57,433	7.3 %	(209,127)	(43.1)%
Interest expense, net	8,606	1.1 %	3,371	0.7 %
Income (loss) before income taxes	48,827	6.2 %	(212,498)	(43.8)%
Income tax expense	6,121	0.8 %	31,533	6.5 %
Net income (loss)	42,706	5.5 %	(244,031)	(50.3)%
Less: Net income attributable to noncontrolling interests	938	0.1 %	117	0.0 %
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 41,768</u>	5.3 %	<u>\$ (244,148)</u>	(50.3)%
Net income (loss) per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 0.67		\$ (3.90)	
Diluted	\$ 0.64		\$ (3.90)	
Weighted-average shares outstanding:				
Basic	62,380		62,541	
Diluted	65,305		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) 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. 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 May 1, 2021
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 2,664	\$ 2,664	\$ —
Operating income	57,433	(2,664)	60,097
Income before income taxes	48,827	(2,664)	51,491
Income tax expense ⁽³⁾	6,121	(449)	6,570
Net income attributable to Abercrombie & Fitch Co.	\$ 41,768	\$ (2,215)	\$ 43,983
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.64	\$ (0.03)	\$ 0.67
Diluted weighted-average shares outstanding:	65,305		65,305

⁽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 \$2.7 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 May 2, 2020
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 42,928	\$ 42,928	\$ —
Operating loss	(209,127)	(42,928)	(166,199)
Loss before income taxes	(212,498)	(42,928)	(169,570)
Income tax expense ⁽³⁾	31,533	(4,432)	35,965
Net loss attributable to Abercrombie & Fitch Co.	\$ (244,148)	\$ (38,496)	\$ (205,652)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (3.90)	\$ (0.62)	\$ (3.29)
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 \$42.9 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 May 1, 2021
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2021	2020	% Change
Net sales			
GAAP ⁽¹⁾	\$ 781,405	\$ 485,359	61%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	12,273	(4)%
Net sales on a constant currency basis	\$ 781,405	\$ 497,632	57%
Gross profit			
	2021	2020	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 495,134	\$ 264,145	900
Impact from changes in foreign currency exchange rates ⁽²⁾	—	7,384	(20)
Gross profit on a constant currency basis	\$ 495,134	\$ 271,529	880
Operating income (loss)			
	2021	2020	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 57,433	\$ (209,127)	5,040
Excluded items ⁽⁴⁾	(2,664)	(42,928)	850
Adjusted non-GAAP	\$ 60,097	\$ (166,199)	4,190
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(900)	(60)
Adjusted non-GAAP constant currency basis	\$ 60,097	\$ (167,099)	4,130
Net income (loss) per diluted share attributable to Abercrombie & Fitch Co.			
	2021	2020	\$ Change
GAAP ⁽¹⁾	\$ 0.64	\$ (3.90)	\$4.54
Excluded items, net of tax ⁽⁴⁾	(0.03)	(0.62)	0.59
Adjusted non-GAAP	\$ 0.67	\$ (3.29)	\$3.96
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(0.01)	0.01
Adjusted non-GAAP constant currency basis	\$ 0.67	\$ (3.30)	\$3.97

⁽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 \$2.7 million and \$42.9 million for the current year and prior year, respectively.

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

	May 1, 2021	January 30, 2021	May 2, 2020
Assets			
Current assets:			
Cash and equivalents	\$ 909,008	\$ 1,104,862	\$ 703,989
Receivables	107,821	83,857	88,639
Inventories	388,633	404,053	426,594
Other current assets	78,727	68,857	67,412
Total current assets	1,484,189	1,661,629	1,286,634
Property and equipment, net	533,773	550,587	654,784
Operating lease right-of-use assets	839,003	893,989	1,133,618
Other assets	213,585	208,697	216,795
Total assets	<u>\$ 3,070,550</u>	<u>\$ 3,314,902</u>	<u>\$ 3,291,831</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 236,667	\$ 289,396	\$ 162,747
Accrued expenses	321,906	396,365	285,799
Short-term portion of operating lease liabilities	231,750	248,846	307,173
Short-term portion of borrowings	—	—	210,000
Income taxes payable	26,672	24,792	8,232
Total current liabilities	816,995	959,399	973,951
Long-term liabilities:			
Long-term portion of operating lease liabilities	\$ 844,401	\$ 957,588	\$ 1,184,448
Long-term borrowings, net	344,278	343,910	232,178
Other liabilities	114,926	104,693	103,188
Total long-term liabilities	1,303,605	1,406,191	1,519,814
Total Abercrombie & Fitch Co. stockholders' equity	941,174	936,628	790,239
Noncontrolling interests	8,776	12,684	7,827
Total stockholders' equity	949,950	949,312	798,066
Total liabilities and stockholders' equity	<u>\$ 3,070,550</u>	<u>\$ 3,314,902</u>	<u>\$ 3,291,831</u>

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

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Operating activities		
Net cash used for operating activities	\$ (131,350)	\$ (140,776)
Investing activities		
Purchases of property and equipment	\$ (14,404)	\$ (46,990)
Withdrawal of funds from Rabbi Trust assets ⁽¹⁾	—	50,000
Net cash (used for) provided by investing activities	\$ (14,404)	\$ 3,010
Financing activities		
Proceeds from borrowings under the asset-based senior secured credit facility	—	210,000
Payment of debt issuance or modification costs and fees	(1,490)	—
Purchases of common stock	(35,249)	(15,172)
Dividends paid	—	(12,556)
Other financing activities	(16,452)	(10,604)
Net cash (used for) provided by financing activities	\$ (53,191)	\$ 171,668
Effect of foreign currency exchange rates on cash	\$ (1,021)	\$ (3,891)
Net (decrease) increase in cash and equivalents, and restricted cash and equivalents	\$ (199,966)	\$ 30,011
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	<u>\$ 924,191</u>	<u>\$ 722,275</u>

⁽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 May 1, 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	2	1	—	1	2	2	4
Permanently closed	—	(1)	(6)	(1)	(6)	(2)	(8)
May 1, 2021	<u>349</u>	<u>150</u>	<u>184</u>	<u>48</u>	<u>533</u>	<u>198</u>	<u>731</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 10 international franchise stores as of May 1, 2021 and 9 international franchise stores as of January 30, 2021. Excludes 12 Company-operated temporary stores as of each of May 1, 2021 and 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 12 international franchise stores as of May 1, 2021 and 10 international franchise stores as of January 30, 2021. Excludes four and two Company-operated temporary stores as of May 1, 2021 and January 30, 2021 respectively.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of May 1, 2021 and January 30, 2021.