



Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids

HOLLISTER

GILLY
HICKS

SOCIAL
TOURIST®

INVESTOR PRESENTATION: **FIRST QUARTER 2022**



SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

A&F cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation or made by management or spokespeople of A&F involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "should," "are confident," and similar expressions may identify forward-looking statements. Except as may be required by applicable law, we assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. The following factors, in addition to those disclosed in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended January 29, 2022, could affect the company's financial performance and could cause actual results to differ materially from those expressed or implied in any of the forward-looking statements included in this presentation or otherwise made by management: the ongoing impact of COVID-19 to our business; changes in global economic and financial conditions and the resulting impact on consumer confidence and consumer spending; failure to anticipate customer demand and changing fashion trends and manage our inventory commensurately; failure to operate effectively in a highly competitive industry; the impact of government sanctions, conflict, war, social unrest, civil disturbance, or disobedience; failure to successfully develop and/or successfully invest in customer, digital, and omnichannel initiatives; failure to appropriately address emerging environmental, social, and governance matters; failure to protect our reputation; cyber- and data privacy-related risks; adverse conditions affecting our supply chain; or ability to attract or retain talent.

OTHER INFORMATION

The following presentation includes certain adjusted non-GAAP financial measures. Additional details about non-GAAP financial measures and a reconciliation of GAAP financial measures to non-GAAP financial measures is included in the Appendix to this presentation. As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America. References to "Hollister" include the company's Hollister, Gilly Hicks, and Social Tourist brands and references to "Abercrombie" includes the company's Abercrombie & Fitch and abercrombie kids brands. Sub-totals and totals may not foot due to rounding. Net income (loss) and net income (loss) per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

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COMPANY OVERVIEW

OUR FIVE GLOBAL BRANDS

COMPANY OVERVIEW

Abercrombie & Fitch



Abercrombie & Fitch believes that every day should feel as exceptional as the start of the long weekend. Since 1892, the brand has been a specialty retailer of quality apparel, outerwear and fragrance - designed to inspire our global customers to feel confident, be comfortable and face their Fierce.

abercrombie kids



A global specialty retailer of quality, comfortable, made-to-play favorites, abercrombie kids sees the world through kids' eyes, where play is life and every day is an opportunity to be anything and better everything.

HOLLISTER



The quintessential apparel brand of the global teen consumer, Hollister Co. believes in liberating the spirit of an endless summer inside everyone. At Hollister, summer isn't just a season, it's a state of mind. Hollister creates carefree style designed to make all teens feel celebrated and comfortable in their own skin, so they can live in a summer mindset all year long, whatever the season.

GILLY HICKS



At Gilly Hicks, we know everyone has their own unique happy place. We exist to help you find yours. Gilly Hicks focuses on underwear, loungewear and activewear designed to give all Gen Z customers their daily dose of happy.

SOCIAL TOURIST



Social Tourist is the creative vision of Hollister, the teen brand liberating the spirit of an endless summer, and social media personalities Dixie and Charli D'Amelio. The lifestyle brand creates trend forward apparel that allows teens to experiment with their style, while exploring the duality of who they are both on social media and in real life.

GLOBAL, DIGITALLY-LED OMNICHANNEL RETAILER

COMPANY OVERVIEW

THE COMPANY'S PRODUCTS ARE SOLD GLOBALLY, PRIMARILY THROUGH ITS COMPANY-OWNED DIGITAL AND STORE CHANNELS, AS WELL AS THROUGH VARIOUS THIRD-PARTY ARRANGEMENTS

\$1.7B

FISCAL 2021 DIGITAL SALES
WERE ROUGHLY \$1.7 BILLION

5

GLOBAL BRANDS

728

COMPANY-OPERATED
RETAIL STORES

29%

OF FISCAL 2021 NET SALES WERE
DERIVED INTERNATIONALLY

~90%

OF GLOBAL STORE FLEET
WITH SHIP-FROM-STORE
AND PURCHASE-ONLINE-
PICK-UP-IN-STORE
CAPABILITIES

110

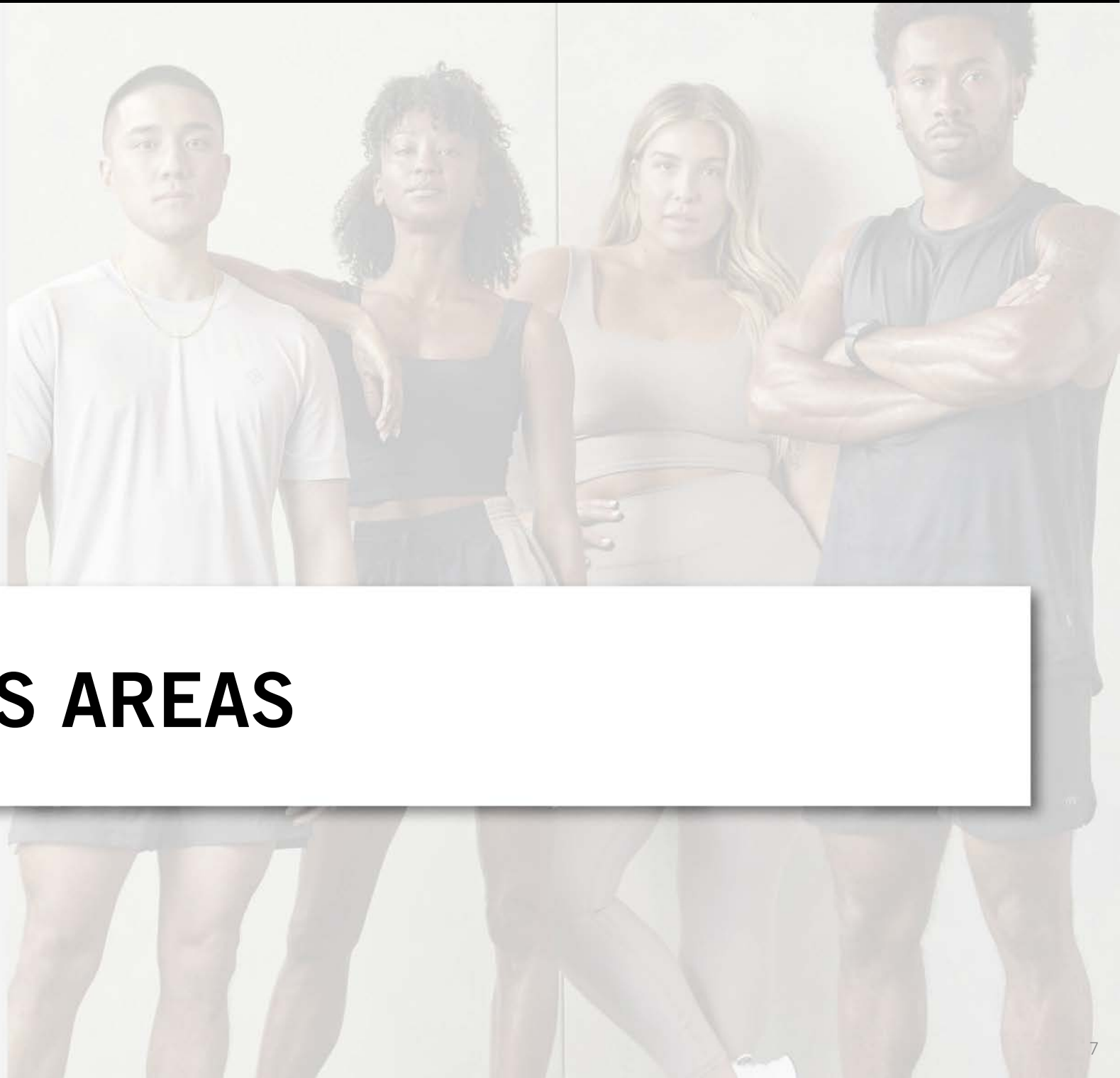
CAPABILITY TO SHIP TO OVER
110 COUNTRIES

24

INTERNATIONAL
THIRD-PARTY OPERATED
STORES

9

WHOLESALE PARTNERSHIPS,
PRIMARILY INTERNATIONAL



FOCUS AREAS

OUR PREVIOUSLY-STATED TRANSFORMATION INITIATIVES

FOCUS AREAS

THE FOLLOWING TRANSFORMATION INITIATIVES HAVE CREATED THE FOUNDATION TO ALLOW US TO QUICKLY RESPOND TO COVID-19 AND FOCUS ON LONG-TERM SUSTAINABLE GROWTH:

- 1 OPTIMIZING OUR GLOBAL STORE NETWORK**
 - Rightsizing store fleet and adapting to the evolving role of the store as customers' shopping preferences shift
- 2 ENHANCING DIGITAL AND OMNICHANNEL CAPABILITIES**
 - Creating best-in-class customer experiences while growing profitably across channels
- 3 INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE**
 - Investing in capabilities to position supply chain for greater speed, agility and flexibility
 - Utilizing data and analytics to offer the right product at the right time and the right price
- 4 IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION**
 - Leveraging data, including our loyalty programs, to engage with customers across channels
 - Driving more efficient and effective marketing spend

OUR FOCUS AREAS FOR 2022

FOCUS AREAS

THE FOLLOWING FOCUS AREAS FOR FISCAL 2022 SERVE AS A FRAMEWORK TO THE COMPANY ACHIEVING SUSTAINABLE GROWTH AND LONG-TERM OPERATING MARGIN EXPANSION

**ACCELERATE DIGITAL, DATA AND TECHNOLOGY INVESTMENTS TO INCREASE AGILITY
AND IMPROVE THE CUSTOMER EXPERIENCE**

**CREATE A MORE PERSONALIZED CUSTOMER EXPERIENCE THROUGH A CONNECTED
OMNICHANNEL ECOSYSTEM**

**OPTIMIZE OUR GLOBAL DISTRIBUTION NETWORK TO EXPAND DIGITAL CAPACITY AND
IMPROVE PRODUCT DELIVERY SPEED**

**OPPORTUNISTICALLY OPEN NEW, OMNI-ENABLED STORES IN UNDER-PENETRATED
MARKETS**

**INTEGRATE ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES
AND STANDARDS THROUGHOUT THE ORGANIZATION**



DIGITAL EVOLUTION

AGGRESSIVELY INVESTING TO SUPPORT TRANSFORMATION TO A DIGITALLY-LED GLOBAL OMNI- CHANNEL RETAILER

DIGITAL EVOLUTION

INVESTMENTS IN DIGITAL AND
OMNICHANNEL CAPABILITIES OF
\$150M+

FISCAL 2017 - FISCAL 2021

EXPECTED DIGITAL AND
OMNICHANNEL INVESTMENTS
FOR THE YEAR OF
\$60M+

FISCAL 2022

FISCAL 2018

Digital sales penetration of
28%, <\$1.0B

FISCAL 2021*

Digital sales penetration of
47%, \$1.7B+

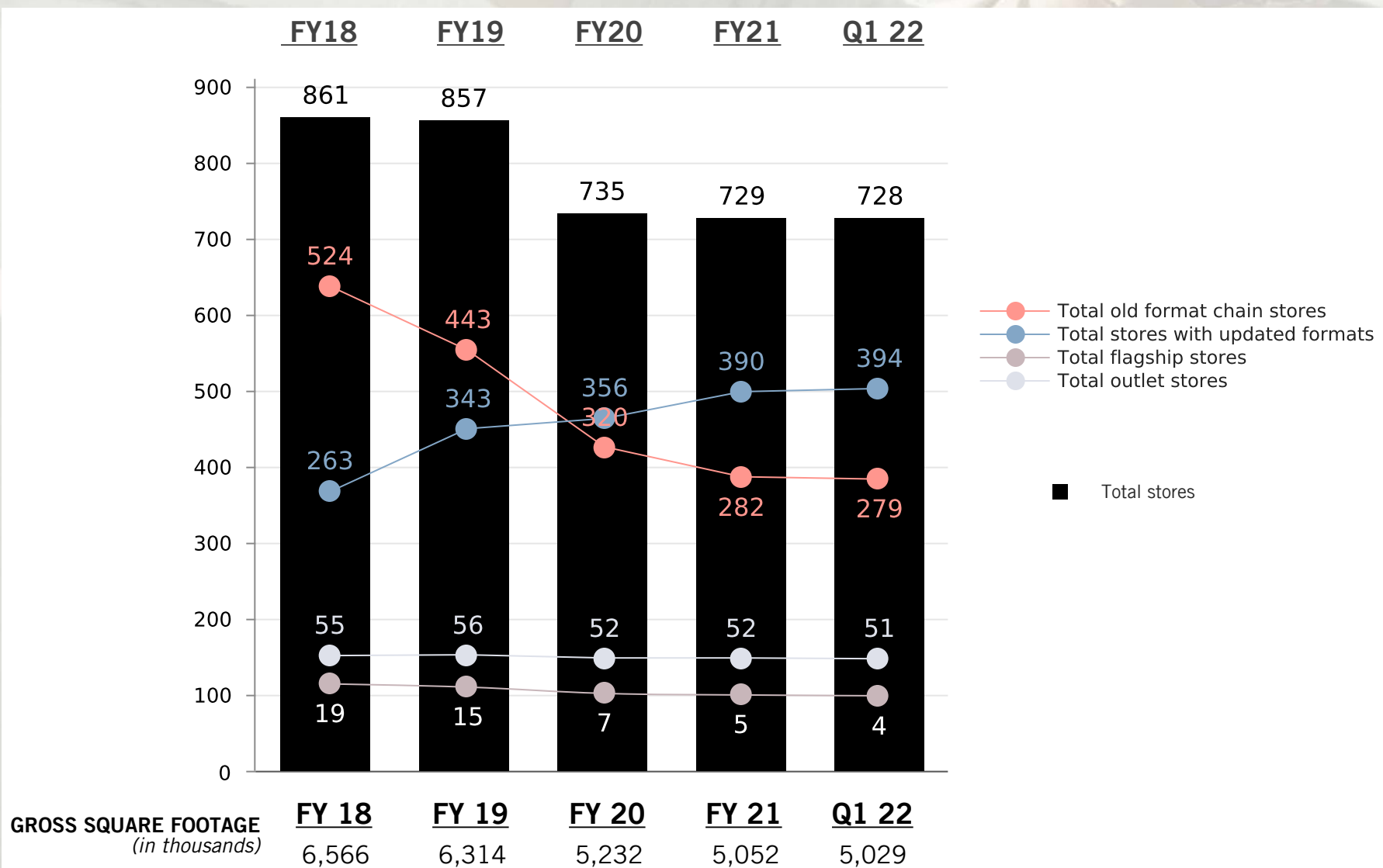
* In fiscal 2021, the company was impacted by the COVID-19 pandemic and experienced widespread temporary store closures, while the company's digital operations continued to serve the customers during this unprecedented period.

A woman with long brown hair, wearing a red long-sleeved athletic top and red shorts, is performing a pull-up on a yellow horizontal bar. She is smiling and looking upwards. The background shows a clear blue sky and a green field with a fence in the distance. The image is partially obscured by a white rectangular box containing the title.

GLOBAL STORE NETWORK OPTIMIZATION

REMOVED 1.5M GROSS SQUARE FEET GLOBALLY SINCE 2018; EXPECT TO SEE NET STORE OPENINGS IN 2022

GLOBAL STORE NETWORK
OPTIMIZATION



* Prior period figures have been revised to reflect a change in classification of certain stores to be consistent with current presentation.

90% OF U.S. STORES LOCATED IN A/B MALLS; CONTINUE TO REPOSITION GLOBAL FLEET

GLOBAL STORE NETWORK
OPTIMIZATION

YTD STORE ACTIVITY

	HOLLISTER	ABERCROMBIE	TOTAL
NEW STORES	3	1	4
REMODELS	1	—	1
RIGHT-SIZES	—	—	—
NEW EXPERIENCES	4	1	5
PERMANENT CLOSURES	—	(5)	(5)

Q1 2022 STORE FLEET DETAIL

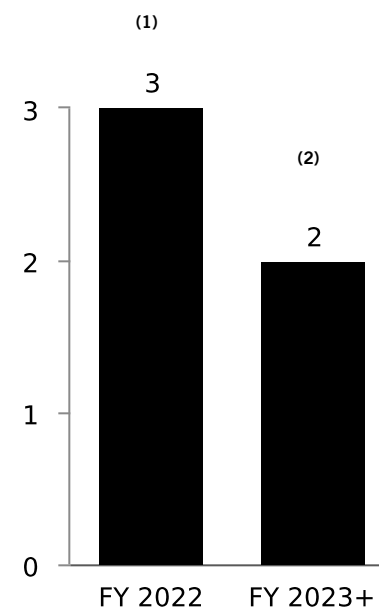
	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
LEGACY STORES	185	36%	94	43%	279	38%
UPDATED FORMATS	307	60%	87	40%	394	54%
OUTLETS	15	3%	36	16%	51	7%
FLAGSHIPS	1	—%	3	1%	4	1%
TOTAL	508	100%	220	100%	728	100%

Q1 2022 U.S. STORE FLEET *

	A MALL	B MALL	C MALL	FLAGSHIPS	TOTAL
# OF STORES	226	246	46	2	520
% OF U.S. FLEET	43%	47%	9%	—%	100%

* Mall rating based on Green Street Advisors as of April 2022.

FLAGSHIP STORE CLOSURES/ LEASE EXPIRATIONS



(1) Includes the A&F Amsterdam, Netherlands, the A&F Shanghai, China and as well as the A&F 5th Avenue, New York City

(2) Includes the Hollister 5th Avenue, New York City and the A&F Ginza, Japan locations.



Q1 2022 RESULTS



CEO COMMENTARY

Q1 2022 RESULTS

“First quarter net sales exceeded expectations, rising 4% to \$813 million, our highest first quarter level since 2014. Results were driven by ongoing strength at the Abercrombie & Fitch brand, where global sales were above plan. Net sales at our other brands were in line with expectations. By region, the U.S. continued to outperform, EMEA net sales returned to positive territory, and APAC was impacted by COVID lockdowns in China. We continued to reduce our promotional activity, contributing to our eighth consecutive quarter of AUR improvement. This was more than offset by higher-than-expected freight and product costs.

Looking forward, we expect higher costs to remain a headwind through at least year-end. We expect freight relief in the fourth quarter as we anniversary increased air usage last year due to the Vietnam shutdown. We will continue to manage expenses tightly and are committed to finding opportunities to offset these costs while protecting strategic investments in marketing, technology and our customer experience, which should drive sustained, long-term sales growth.”

FRAN HOROWITZ, CHIEF EXECUTIVE OFFICER

NET (LOSS) INCOME PER SHARE

Q1 2022 RESULTS

SIGNIFICANT ITEMS IMPACTING Q1 2022 RESULTS

- Net sales increased 4%, or \$31M, as compared to last year.
- Gross margin rate declined 810 basis points as compared to last year to 55.3%, driven by higher average unit cost from freight inflation partially offset by higher average unit retail on lower promotions
- Digital fulfillment expense increased \$12M, reflecting an increase in digital shipping and handling and digital direct expense.
- Marketing expense increased \$9M, including digital sales marketing, reflecting the company's initiatives to make strategic investments across marketing
- Asset impairment charges of \$3M for both this year and last year, respectively

	Q1 2022	Q1 2021
GAAP	\$(0.32)	\$0.64
EXCLUDED ITEMS, NET OF TAX EFFECT ⁽¹⁾	(0.05)	(0.03)
ADJUSTED NON-GAAP	\$(0.27)	\$0.67
IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES ⁽²⁾	—	0.05
ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS	\$(0.27)	\$0.72

⁽¹⁾ Adjusted non-GAAP results exclude the effect of certain items set out of page 29.

⁽²⁾ The estimated impact from foreign currency is calculated by applying current period exchange rates to prior year results using a 26% tax rate.

NET SALES

Q1 2022 RESULTS

TOTAL COMPANY NET SALES UP 4% COMPARED TO Q1 2021, TO \$813M

HOLLISTER
\$429M

DOWN 3% TO LAST YEAR
52.8% OF TOTAL NET SALES

ABERCROMBIE
\$384M

UP 13% TO LAST YEAR
47.2% OF TOTAL NET SALES

UNITED STATES ⁽¹⁾
\$585M

UP 6% TO LAST YEAR
72.0% OF TOTAL NET SALES

EMEA
\$164M

UP 3% TO LAST YEAR
20.2% OF TOTAL NET SALES

APAC
\$30M

DOWN 35% TO LAST YEAR
3.7% OF TOTAL NET SALES

OTHER ⁽²⁾
\$34M

UP 50% TO LAST YEAR
4.2% OF TOTAL NET SALES

⁽¹⁾ 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.

⁽²⁾ Other includes all sales that do not fall within the United States, EMEA, or APAC regions.

OPERATING EXPENSE

Q1 2022 RESULTS

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSE

<i>(in thousands)</i>	Q1 2022	% OF NET SALES	Q1 2021	% OF NET SALES	1 YR Δ BPS ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$103,191	12.7%	\$107,277	13.7%	(100)
ALL OTHER ⁽²⁾	234,352	28.8%	209,331	26.8%	200
STORES AND DISTRIBUTION	337,543	41.5%	316,608	40.5%	100
MARKETING, GENERAL & ADMINISTRATIVE	122,149	15.0%	120,947	15.5%	(50)
ASSET IMPAIRMENT	3,422	0.4%	1,564	0.3%	10
TOTAL OPERATING EXPENSE - GAAP	463,114	57.0%	439,119	56.2%	80
EXCLUDED ITEMS	3,422	0.4%	2,664	0.3%	10
TOTAL ADJUSTED OPERATING EXPENSE - NON-GAAP *	\$459,692	56.6%	\$436,455	56.2%	40

* Q1 non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 29.

(1) Includes operating lease costs, other landlord charges, utilities, depreciation and other occupancy expense.

(2) Includes selling payroll, store management and support, other store expense, direct-to-consumer expense, and distribution center costs.

(3) Rounded based on reported percentages.

INCOME STATEMENT

Q1 2022 RESULTS

	GAAP			
(in thousands)	Q1 2022	% OF NET SALES	Q1 2021	% OF NET SALES
NET SALES	\$812,762	100.0%	\$781,405	100.0%
GROSS PROFIT ⁽¹⁾ ⁽²⁾	449,546	55.3%	495,134	63.4%
OPERATING EXPENSE	463,114	57.0%	439,119	56.2%
OTHER OPERATING INCOME, NET	(3,842)	(0.5)%	(1,418)	(0.2)%
OPERATING (LOSS) INCOME	(9,726)	(1.2)%	57,433	7.3%
INTEREST EXPENSE, NET	7,307	0.9%	8,606	1.1%
(LOSS) INCOME BEFORE INCOME TAXES	(17,033)	(2.1)%	48,827	6.2%
INCOME TAX (BENEFIT) EXPENSE	(2,187)	(0.3)%	6,121	0.8%
NET (LOSS) INCOME	\$(16,469)	(2.0)%	\$41,768	5.3%
NET (LOSS) INCOME PER SHARE				
BASIC	\$(0.32)		\$0.67	
DILUTED	\$(0.32)		\$0.64	
WEIGHTED-AVERAGE SHARES				
BASIC	52,077		62,380	
DILUTED	52,077		65,305	

(1) Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

(2) Gross profit rate of 55.3% is down 810 basis points as compared to last year, driven by approximately \$80 million of higher average unit freight costs, partially offset by higher average unit retail on lower promotions.

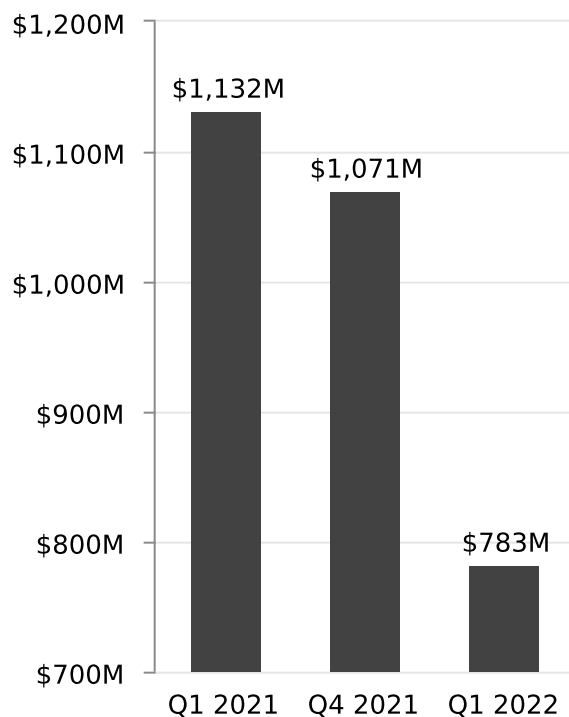
A smiling man with short dark hair and a goatee, wearing a blue and white striped jacket over a white shirt, stands next to a classic car. The background is a bright, hazy outdoor setting.

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

STRONG FINANCIAL POSITION AND LIQUIDITY

FINANCIAL POSITION, LIQUIDITY
& CAPITAL ALLOCATION

LIQUIDITY*



CASH & EQUIVALENTS

\$468M AS COMPARED TO \$909M LAST YEAR, AS COMPANY UTILIZED EXCESS CASH TO FUND SHARE REPURCHASES

SHORT-TERM BORROWINGS

NO BORROWINGS OUTSTANDING UNDER ABL FACILITY

\$314M OF BORROWING AVAILABLE UNDER ABL FACILITY
AS OF April 30, 2022

GROSS LONG-TERM BORROWINGS

\$308M OUTSTANDING AS COMPARED TO \$350M LAST YEAR

INVENTORIES

\$563M, UP 45% FROM LAST YEAR DUE PRIMARILY TO HIGHER FREIGHT COST AND HIGHER IN-TRANSIT INVENTORY

* Liquidity is comprised of cash and equivalents and borrowing available under the ABL Facility.

CASH FLOW SUMMARY

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	APRIL 30, 2022	MAY 1, 2021
NET CASH USED FOR OPERATING ACTIVITIES	\$(217,787)	\$(131,350)
NET CASH USED FOR INVESTING ACTIVITIES	\$(18,541)	\$(14,404)
NET CASH USED FOR FINANCING ACTIVITIES	\$(116,945)	\$(53,191)

<i>(in thousands)</i>	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW ⁽¹⁾
FY 2017	\$287,658	\$107,001	\$180,657
FY 2018	\$352,933	\$152,393	\$200,540
FY 2019	\$300,685	\$202,784	\$97,901
FY 2020	\$404,918	\$101,910	\$303,008
FY 2021	\$277,782	\$96,979	\$180,803

⁽¹⁾ Free cash flow is a non-GAAP measure and is computed by subtracting capital expenditures from net cash provided by operating activities, both of which are disclosed in the table above, preceding the measure of free cash flow.

SHARE REPURCHASES AND DIVIDENDS

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

The company repurchased approximately 3.3 million shares and has returned \$100 million to shareholders during the quarter ended April 30, 2022.

<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
FY 2017	—	\$—	\$—	\$54,392	\$54,392
FY 2018	2,932	\$68,670	\$23.42	\$53,714	\$122,384
FY 2019	3,957	\$63,542	\$16.06	\$51,510	\$115,052
FY 2020	1,397	\$15,172	\$10.86	\$12,556	\$27,728
FY 2021	10,200	\$377,290	\$36.99	\$—	\$377,290
YTD 2022	3,260	\$100,000	\$30.67	\$—	\$100,000

<i>(in thousands)</i>	FY 2017	FY 2018	FY 2019	FY 2020	FY2021	Q1 2022
ENDING SHARES OUTSTANDING	68,195	66,227	62,786	62,399	52,985	50,442

BALANCE SHEET

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

<i>(in thousands)</i>	APRIL 30, 2022	JANUARY 29, 2022	MAY 1, 2021
CASH AND EQUIVALENTS	\$468,378	\$823,139	\$909,008
RECEIVABLES	88,807	69,102	107,821
INVENTORIES	562,510	525,864	388,633
OTHER CURRENT ASSETS	93,179	89,654	78,727
TOTAL CURRENT ASSETS	\$1,212,874	\$1,507,759	\$1,484,189
PROPERTY AND EQUIPMENT, NET	497,976	508,336	533,773
OPERATING LEASE RIGHT-OF-USE ASSETS	671,991	698,231	839,003
OTHER ASSETS	224,462	225,165	213,585
TOTAL ASSETS	\$2,607,303	\$2,939,491	\$3,070,550
ACCOUNTS PAYABLE	\$311,352	\$374,829	\$236,667
ACCRUED EXPENSES	320,681	395,815	321,906
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	195,599	222,823	231,750
INCOME TAXES PAYABLE	25,400	21,773	26,672
TOTAL CURRENT LIABILITIES	\$853,032	\$1,015,240	\$816,995
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	662,322	697,264	844,401
LONG-TERM BORROWINGS, NET	303,901	303,574	344,278
OTHER LIABILITIES	83,243	86,089	114,926
TOTAL LONG-TERM LIABILITIES	\$1,049,466	\$1,086,927	\$1,303,605
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	695,361	826,090	941,174
NONCONTROLLING INTEREST	9,444	11,234	8,776
TOTAL STOCKHOLDERS' EQUITY	\$704,805	\$837,324	\$949,950
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,607,303	\$2,939,491	\$3,070,550

STATEMENT OF CASH FLOWS

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	APRIL 30, 2022	MAY 1, 2021
NET CASH USED FOR OPERATING ACTIVITIES	\$(217,787)	\$(131,350)
PURCHASES OF PROPERTY AND EQUIPMENT	(26,292)	(14,404)
PROCEEDS FROM THE SALE OF PROPERTY AND EQUIPMENT	7,751	—
NET CASH USED FOR INVESTING ACTIVITIES	\$(18,541)	\$(14,404)
PAYMENT OF DEBT ISSUANCE OR MODIFICATION COSTS AND FEES	—	(1,490)
PURCHASES OF COMMON STOCK	(100,000)	(35,249)
OTHER FINANCING ACTIVITIES	(16,945)	(16,452)
NET CASH USED FOR FINANCING ACTIVITIES	\$(116,945)	\$(53,191)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH	(2,617)	(1,021)
NET DECREASE IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS	\$(355,890)	\$(199,966)
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	\$478,478	\$924,191



UPDATED FISCAL 2022 OUTLOOK

UPDATED FISCAL 2022 OUTLOOK

OUTLOOK

BASED ON THE EVOLVING OPERATING ENVIRONMENT, OUR UPDATED 2022 OUTLOOK REFLECTS IMPACTS FROM FOREIGN CURRENCY, HIGHER-THAN-EXPECTED COSTS, AND AN ASSUMED INFLATIONARY IMPACT ON CONSUMER SPENDING

	PREVIOUS FULL YEAR OUTLOOK	CURRENT FULL YEAR OUTLOOK ⁽¹⁾
NET SALES	IN THE RANGE OF UP 2% TO 4%	IN THE RANGE OF FLAT TO UP 2% ⁽²⁾
OPERATING INCOME	IN THE RANGE OF 7% TO 8%	IN THE RANGE OF 5% TO 6% ⁽³⁾
EFFECTIVE TAX RATE	HIGH 20s	MID 30s

⁽¹⁾ Beginning this quarter, the company will no longer provide a full year outlook on gross profit rate or operating expense. This outlook replaces the entire previous full year outlook

⁽²⁾ Reflecting an adverse impact of approximately 200 basis points from foreign currency and inflationary pressure on consumer demand, partially offset by Q1 sales exceeding expectations

⁽³⁾ Reflecting an estimated combined 200 basis point adverse impact from higher freight and raw material costs, foreign currency, and lower sales due to an assumed inflationary impact on consumer demand

WE INTEND TO AGGRESSIVELY PURSUE MITIGATION EFFORTS, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING:

- Managing inventory flows by region to maximize top line during peak selling periods
- Strategically increasing tickets and reducing the depth and breadth of promotions to drive AUR growth
- Prioritizing customer-facing spend and strategic, long-term investments while reducing non-customer-facing expenses



APPENDIX

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

APPENDIX

(in thousands)	Q1 2022 GAAP	EXCLUDED ITEMS	Q1 2022 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$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 ⁽¹⁾	(2,187)	(918)	(1,269)
NET LOSS	\$(16,469)	\$(2,504)	\$(13,965)
NET LOSS PER DILUTED SHARE	\$(0.32)	\$(0.05)	\$(0.27)
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	52,077		52,077

(in thousands)	Q1 2021 GAAP	EXCLUDED ITEMS	Q1 2021 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	\$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 ⁽¹⁾	6,121	(449)	6,570
NET INCOME	\$41,768	\$(2,215)	\$43,983
NET INCOME PER DILUTED SHARE	\$0.64	\$(0.03)	\$0.67
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	65,305		65,305

⁽¹⁾ The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

APPENDIX

NET SALES	Q1 2022	Q1 2021	Δ %
GAAP	\$812,762	\$781,405	4%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(8,529)	1%
NON-GAAP CONSTANT CURRENCY BASIS	\$812,762	\$772,876	5%
GROSS PROFIT	Q1 2022	Q1 2021	Δ BPS ⁽²⁾
GAAP	\$449,546	\$495,134	(810)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(3,283)	(20)
NON-GAAP CONSTANT CURRENCY BASIS	\$449,546	\$491,851	(830)
OPERATING (LOSS) INCOME	Q1 2022	Q1 2021	Δ BPS ⁽²⁾
GAAP	\$(9,726)	\$57,433	(850)
EXCLUDED ITEMS ⁽³⁾	(3,422)	(2,664)	(10)
ADJUSTED NON-GAAP	\$(6,304)	\$60,097	(850)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	4,341	(60)
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$(6,304)	\$64,438	(910)
NET (LOSS) INCOME PER DILUTED SHARE	Q1 2022	Q1 2021	Δ \$
GAAP	\$(0.32)	\$0.64	\$(0.96)
EXCLUDED ITEMS, NET OF TAX ⁽³⁾	(0.05)	(0.03)	(0.02)
ADJUSTED NON-GAAP	\$(0.27)	\$0.67	\$(0.94)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	0.05	(0.05)
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$(0.27)	\$0.72	\$(0.99)

⁽¹⁾ The 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 impact from foreign currency is calculated using a 26% tax rate.

⁽²⁾ The estimated basis point impact has been rounded based on the percentage change.

⁽³⁾ Excludes pre-tax store asset impairment charges.



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