



Abercrombie & Fitch abercrombie kids



HOLLISTER GILLY HICKS ACTIVE

Abercrombie & Fitch Co.

INVESTOR PRESENTATION:
SECOND QUARTER 2024

TABLE OF CONTENTS

Safe Harbor and Other Information	3
Company Overview	5
Q2 2024 Results	15
Appendix	21



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

This presentation contains forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements, including, without limitation, statements regarding our third quarter and annual fiscal 2024 results, relate to our current assumptions, projections and expectations about our business and future events. Any such forward-looking statements involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the company's control. The inclusion of such information should not be regarded as a representation by the company, or any other person, that the objectives of the company will be achieved. Words such as "estimate," "project," "plan," "goal," "believe," "expect," "anticipate," "intend," "should," "are confident," "will," "could," "outlook," 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 any forward-looking statements, including any financial targets or estimates, whether as a result of new information, future events, or otherwise. Factors that may cause results to differ from those expressed in our forward-looking statements include, but are not limited to, the factors disclosed in Part I, Item 1A. "Risk Factors" of the company's Annual Report on Form 10-K for the fiscal year ended February 3, 2024, and in our subsequent reports and filings with the Securities and Exchange Commission, as well as the following factors: risks related to changes in global economic and financial conditions, including inflation, and the resulting impact on consumer spending generally and on our operating results, financial condition, and expense management, and our ability to adequately mitigate the impact; risks related to the geopolitical landscape and conflicts, such as the recent attacks on marine vessels in the Red Sea, and the potential escalation of such conflicts and the impact of such conflicts on international trade, supplier delivery or increased freight costs, acts of terrorism, mass casualty events, social unrest, civil disturbance or disobedience; risks related to our failure to engage our customers, anticipate customer demand and changing fashion trends, and manage our inventory; risks related to our failure to operate effectively in a highly competitive and constantly evolving industry; risks related to our ability to execute on, and maintain the success of, our strategic and growth initiatives, including those outlined in our Always Forward Plan; risks related to fluctuations in foreign currency exchange rates; risks related to fluctuations in our tax obligations and effective tax rate, including as a result of earnings and losses generated from our global operations, may result in volatility in our results of operations; risks and uncertainty related to adverse public health developments; risks associated with climate change and other corporate responsibility issues; risks related to reputational harm to the company, its officers, and directors; risks related to actual or threatened litigation; risks related to cybersecurity threats and privacy or data security breaches; and the potential loss or disruption to our information systems.

OTHER INFORMATION

As used in this presentation, unless otherwise defined, references to "Abercrombie" and "Abercrombie Brands" includes Abercrombie & Fitch and abercrombie kids and references to "Hollister" and "Hollister Brands" includes Hollister and Gilly Hicks. Additionally, references to "Americas" includes North America and South America, "EMEA" includes Europe, the Middle East and Africa and "APAC" includes the Asia-Pacific region, including Asia and Oceania.

REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

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. Sub-totals and totals may not foot due to rounding. Net income and net income per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

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.

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. is a global, digitally-led, omnichannel apparel and accessories retailer catering to kids through millennials with assortments curated for their specific lifestyle needs

Our corporate purpose of 'We are here for you on the journey to being and becoming who you are' fuels our customer-led brands and our global associates



ABERCROMBIE BRANDS

Abercrombie
& Fitch

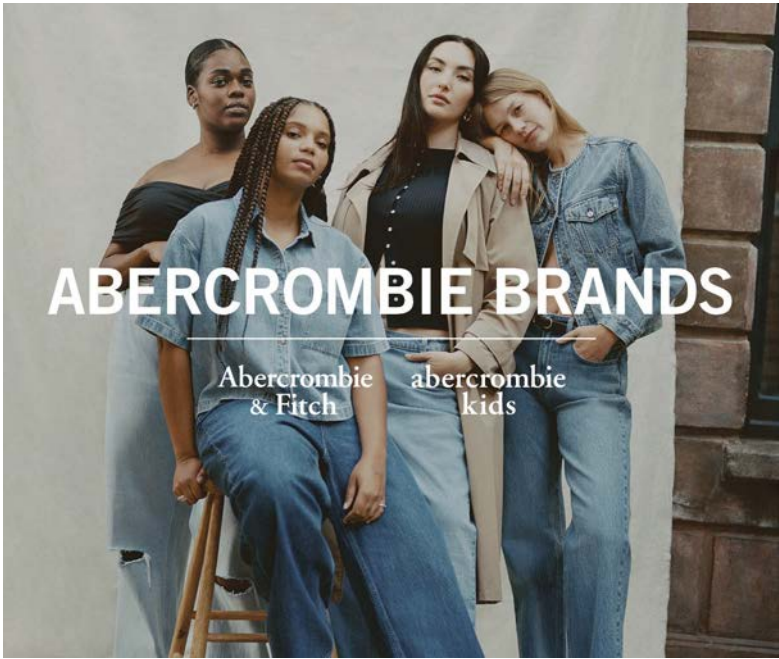
abercrombie
kids



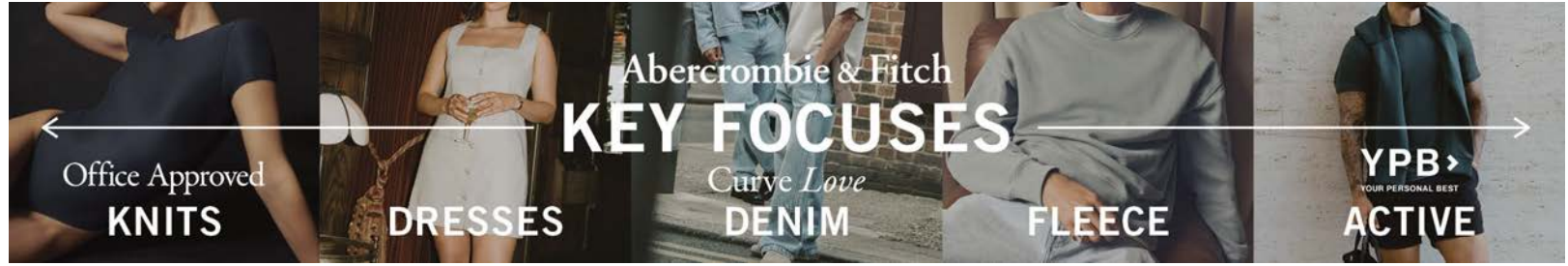
HOLLISTER BRANDS

HOLLISTER

GILLY HICKS
ACTIVE



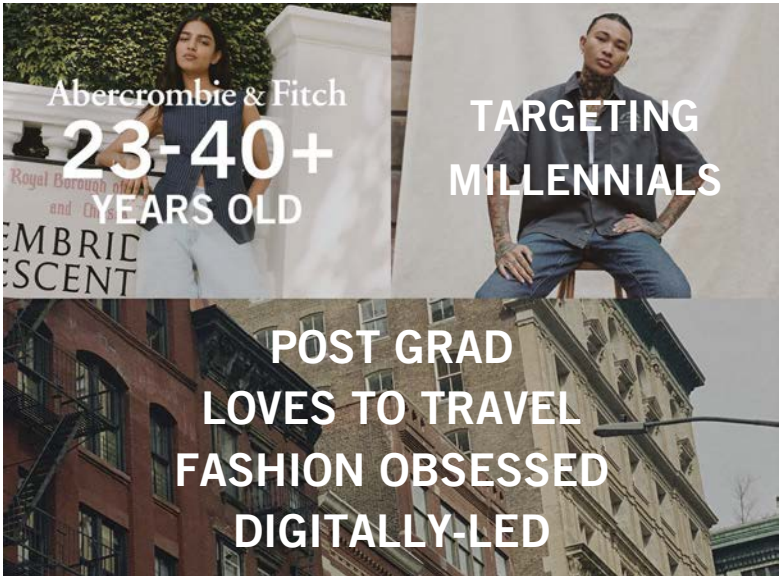
PRODUCT



VOICE



CUSTOMER

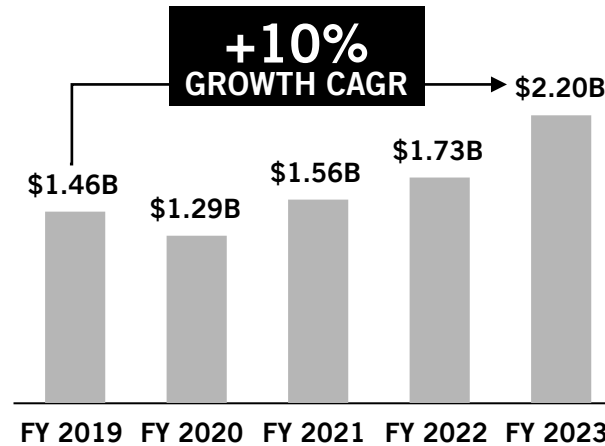


EXPERIENCE



247 STORES GLOBALLY (FY 2023)

GLOBAL NET SALES



NET SALES BY CHANNEL (FY 2023)

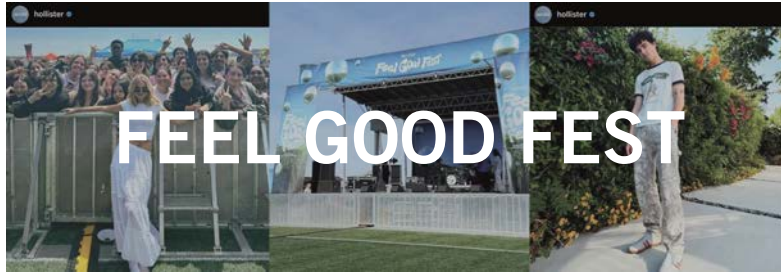




PRODUCT



VOICE



CUSTOMER

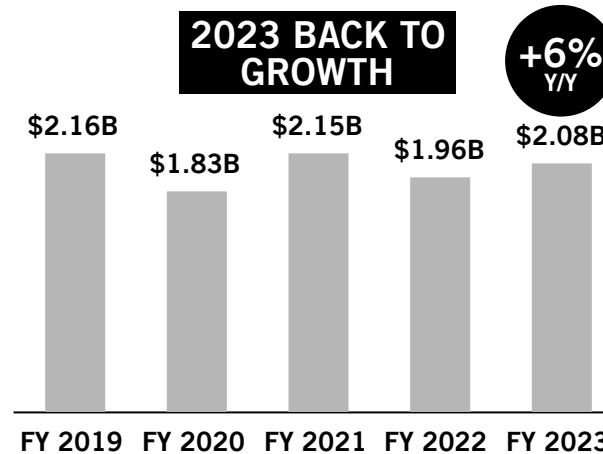


EXPERIENCE



518 STORES GLOBALLY (FY 2023)

GLOBAL NET SALES



NET SALES BY CHANNEL (FY 2023)



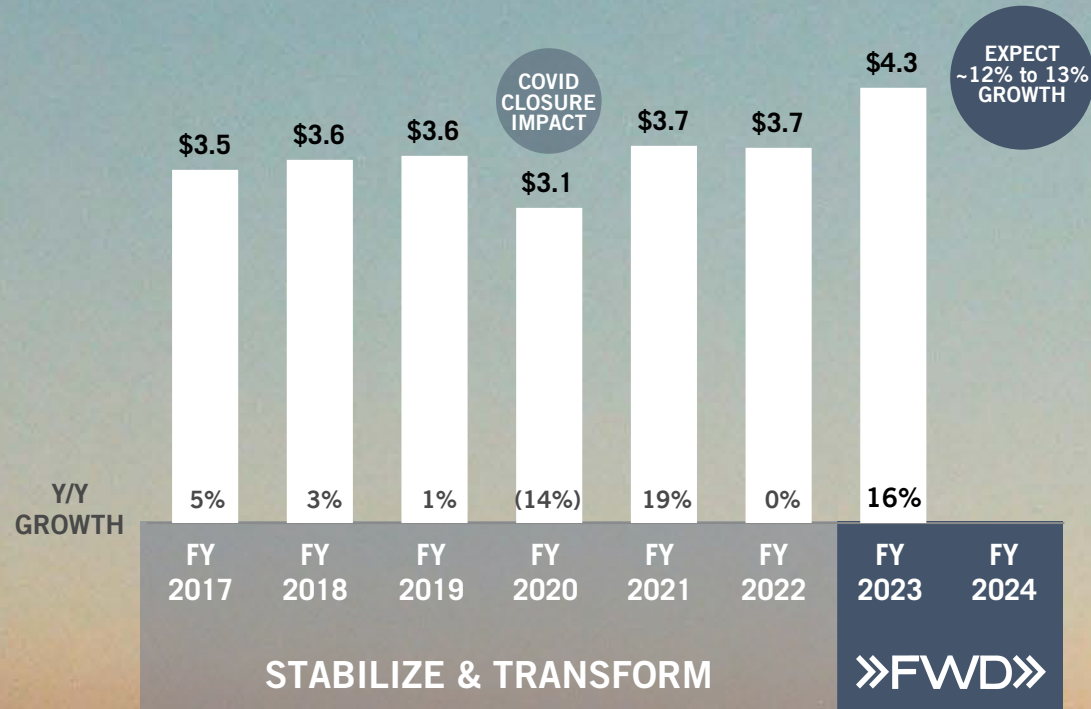
FOCUS ON SUSTAINABLE, PROFITABLE GROWTH

BUILT ON YEARS OF TRANSFORMATION

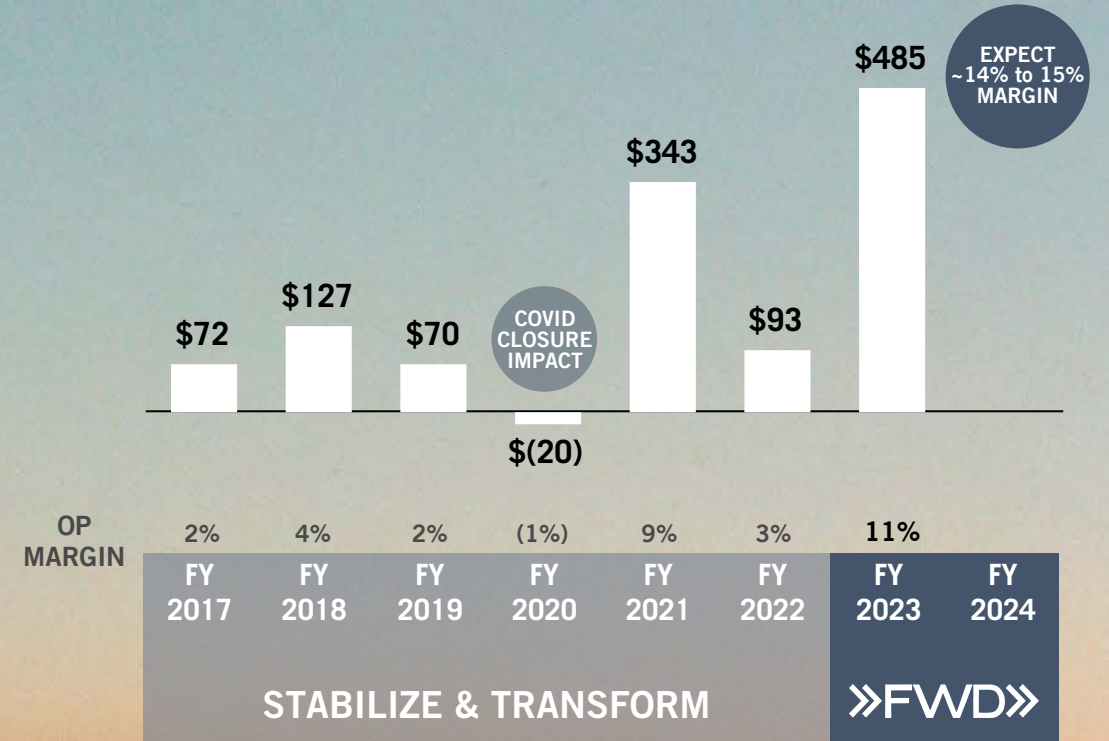


SALES & PROFITABILITY

Net Sales (in \$ billions)



Operating Income (Loss) (in \$ millions)



A woman in a tan jacket and blue jeans is sitting on the front of a red London bus. The bus has 'LONDON BUS CO.' written on it. The background is a blurred city street.

»FWD»

ALWAYS FORWARD PLAN

2025 TARGETS:

**\$4.1B - \$4.3B
REVENUES**

**8%+
OPERATING MARGIN**

**\$600M
MINIMUM FREE CASH FLOW
GENERATION OVER 3 YEARS**

**LONG-TERM GOAL OF \$5B
IN REVENUES AND A 10%+
OPERATING MARGIN**

ALWAYS FORWARD PLAN PILLARS

ALWAYS FORWARD PLAN INTRODUCED AT
JUNE 2022 INVESTOR DAY

1

EXECUTE GLOBAL BRAND GROWTH PLANS

- Data driven approach to store expansion
- Grow brand lovers through digital marketing and social selling

2

ACCELERATE AN ENTERPRISE-WIDE DIGITAL REVOLUTION

- "Know Them Better" - continued expansion and acceleration of investments in customer analytics to improve customer engagement
- "Wow Them Everywhere" - continued investments in people, systems, and processes to improve the end-to-end customer experience

3

OPERATE WITH FINANCIAL DISCIPLINE

- Operate with a more agile cost structure
- Seek expense efficiencies while protecting investments in digital, technology and store growth

1 GLOBAL BRAND GROWTH

PRODUCT



COLLECTIONS & EXTENSIONS

- Graphics Licensing
- Activewear
- A&F Best Dressed Guest

VOICE



DIGITAL CUSTOMER ACQUISITION

- Influencer Channel
- Social Commerce (Instagram, TikTok, WeChat)
- Affiliate Sales

EXPERIENCE



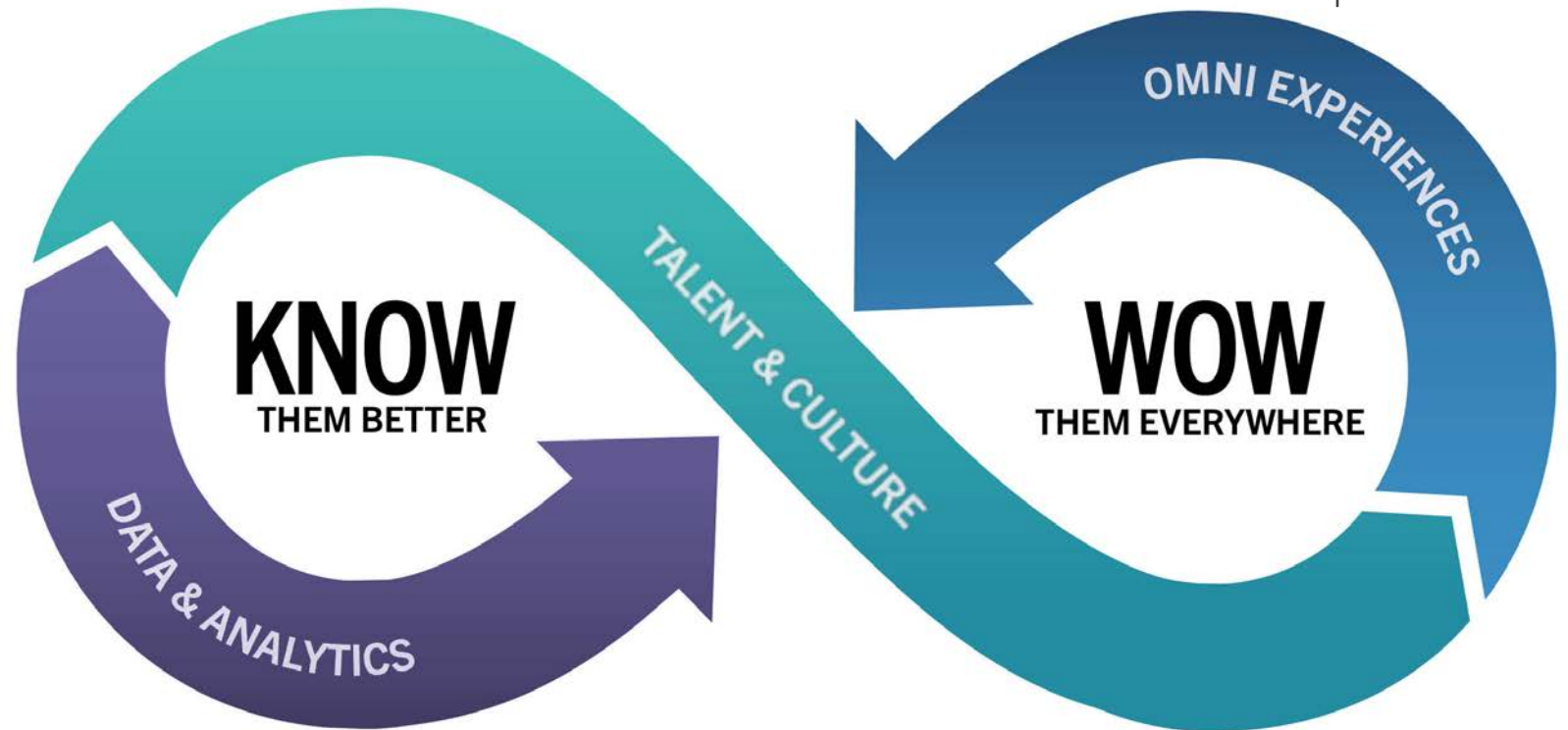
GEOGRAPHIC EXPANSION

- Localized Physical/Digital Experiences
- Fuel Regional Growth (Americas, EMEA, APAC)
- Digital Marketplaces

2 ENTERPRISE-WIDE DIGITAL REVOLUTION

- Modernize Foundation (Retail ERP, Data Infrastructure)
- Consistent Omnichannel experience (Digital and In-Store)
- Powerful, Modern Loyalty Program

- Lead with Personalization
- Fast, Digital Product Testing
- Real Estate Location Analytics



3 FINANCIAL DISCIPLINE

2023 SIGNIFICANT ACHIEVEMENT TO 2025 TARGETS

	2022	2023	»FWD» 2025 TARGET	
NET SALES	\$3.7B	\$4.3B	\$4.1B-\$4.3B	<ul style="list-style-type: none"> GROSS PROFIT RATE expansion from 2022 on improved AUR and lower freight costs
GROSS PROFIT ⁽¹⁾	56.9%	62.9%	60% - 63%	
OPERATING EXPENSE ⁽¹⁾	54.5%	51.7%	52% - 53%	<ul style="list-style-type: none"> OPERATING EXPENSE leverage from sales growth, net of expected inflation and investments in digital infrastructure, marketing
OPERATING INCOME ⁽¹⁾	2.5%	11.3%	8%+	

(1) Reflected as a percent of net sales.

2024 Q2 UPDATE

"We delivered a strong first half of the year, and we are increasing our full-year outlook. Although we continue to operate in an increasingly uncertain environment, we remain steadfast in executing our global playbook and maintaining discipline over inventory and expenses. We are on track and confident in our goal to deliver sustainable, profitable growth this year, while making strategic long-term investments across marketing, digital and technology and stores to enable future growth."

Fran Horowitz, CEO
Abercrombie & Fitch Co.



Abercrombie & Fitch
+26%Y/Y



HOLLISTER
+17%Y/Y



GLOBAL SALES GROWTH

➤ **NET SALES** **\$1.1B** **+21%Y/Y**



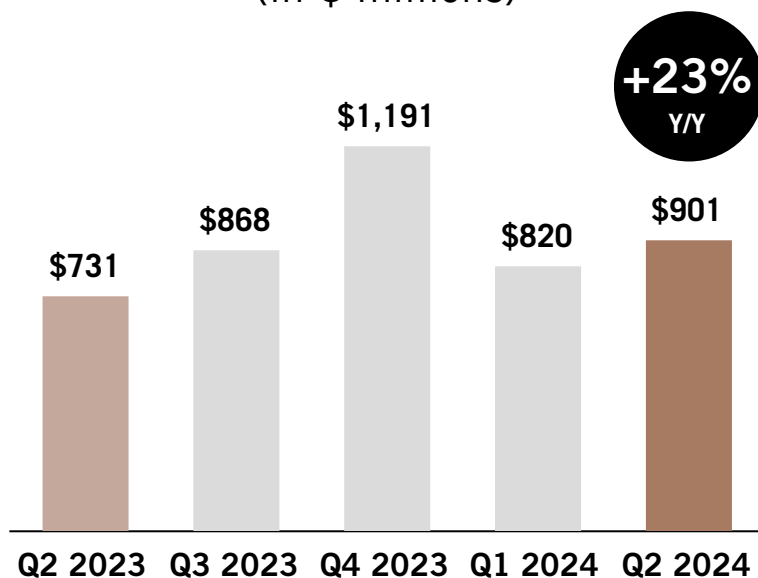
FINANCIAL DISCIPLINE

➤ **GROSS MARGIN** **64.9%** **+240 BPS Y/Y**

➤ **OPERATING MARGIN** **15.5%** **+590 BPS Y/Y**

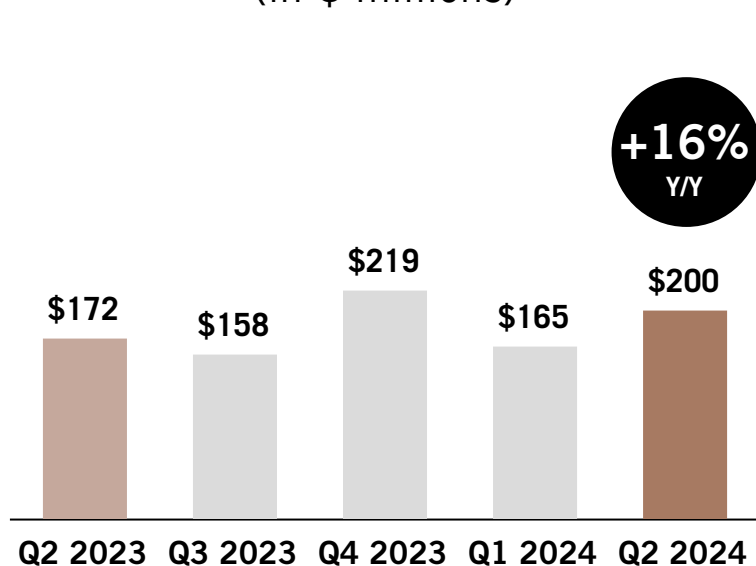
2024 Q2 NET SALES RESULTS BY SEGMENT

Americas Net Sales (in \$ millions)



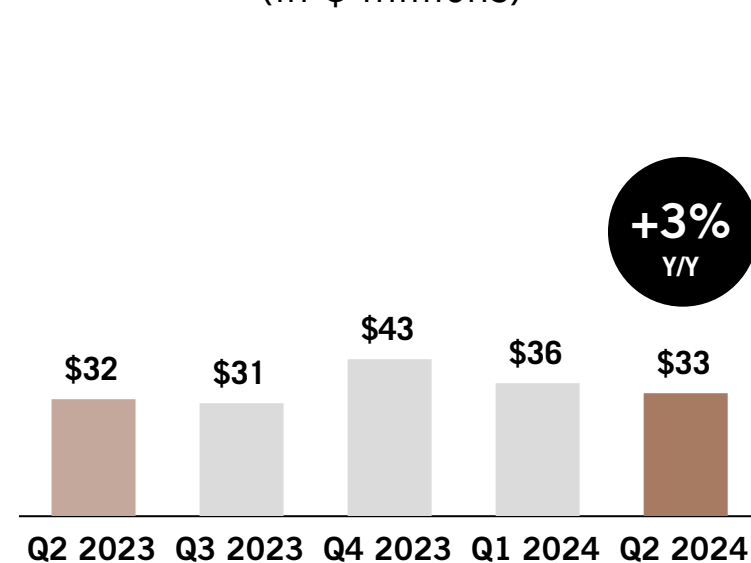
- Net sales up 23% to last year
- Comparable sales up 18% to last year ⁽¹⁾

EMEA Net Sales (in \$ millions)



- Net sales up 16% to last year
- Comparable sales up 17% to last year ⁽¹⁾

APAC Net Sales (in \$ millions)

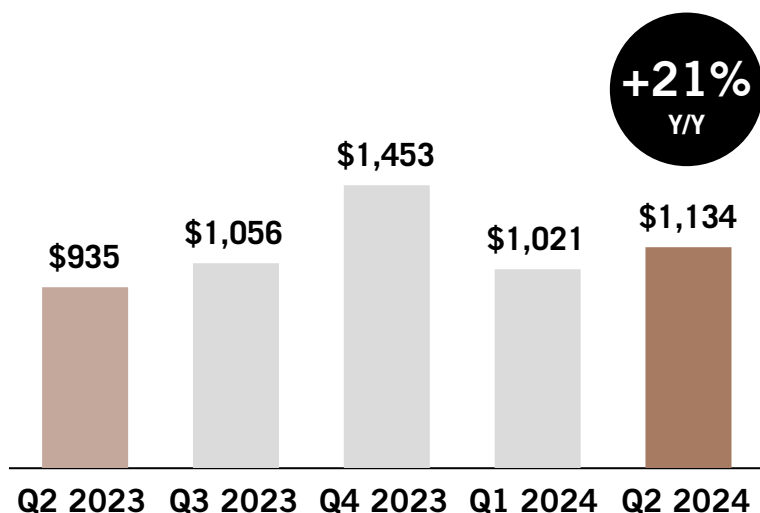


- Net sales up 3% to last year
- Comparable sales up 21% to last year ⁽¹⁾

(1) Comparable sales are calculated on a constant currency basis. Refer to "Reporting and Use of GAAP and Non-GAAP Measures" for further discussion.

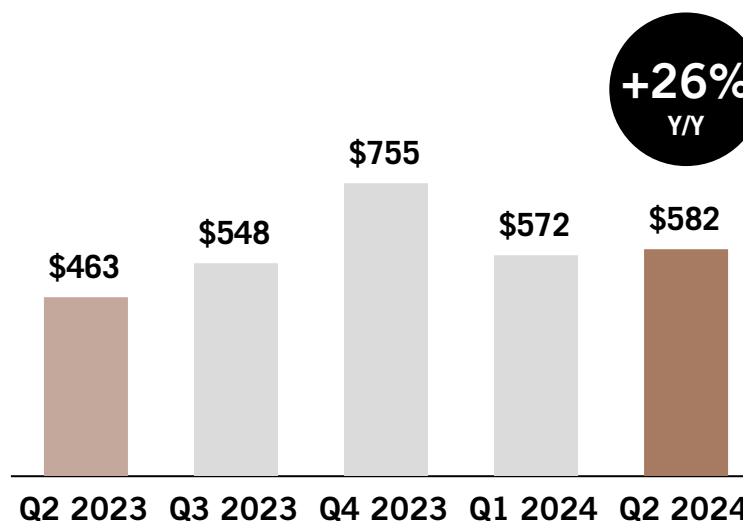
2024 Q2 NET SALES RESULTS BY BRAND

Total Company Net Sales (in \$ millions)



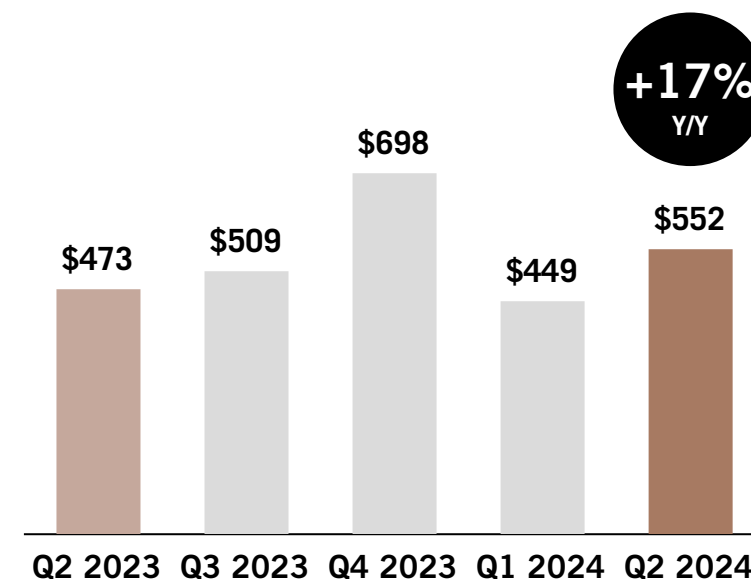
- Highest Q2 net sales in history
- Net sales up 21% to last year
- Comparable sales up 18% to last year⁽¹⁾

Abercrombie Brands Net Sales (in \$ millions)



- Highest Q2 net sales in brand history
- Consistent growth across genders, channels and geographies
- 51% of total net sales

Hollister Brands Net Sales (in \$ millions)



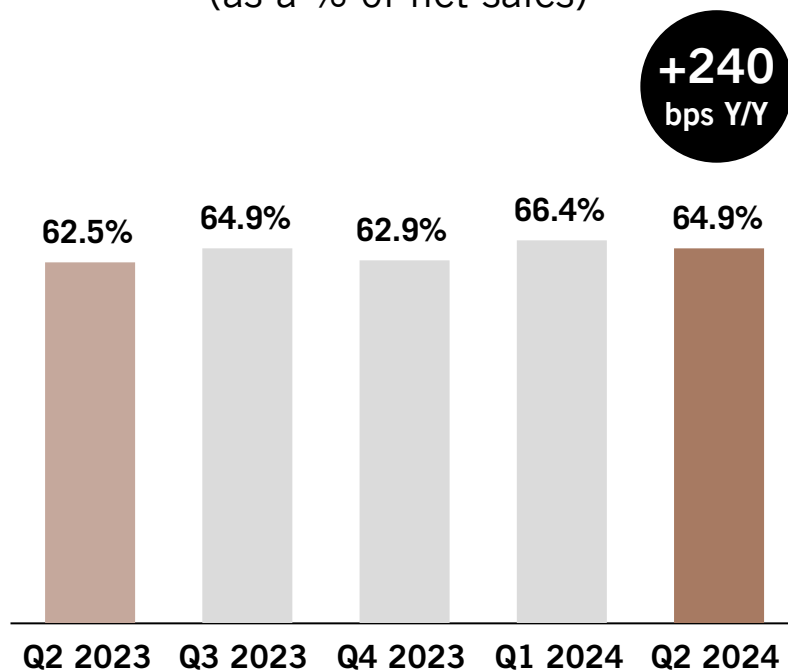
- Highest Q2 net sales in brand history
- Sales growth achieved across genders and channels
- 49% of total net sales

(1) Comparable sales are calculated on a constant currency basis. Refer to "Reporting and Use of GAAP and Non-GAAP Measures" for further discussion.

2024 Q2 GROSS PROFIT/ OPERATING INCOME

Gross Profit Rate

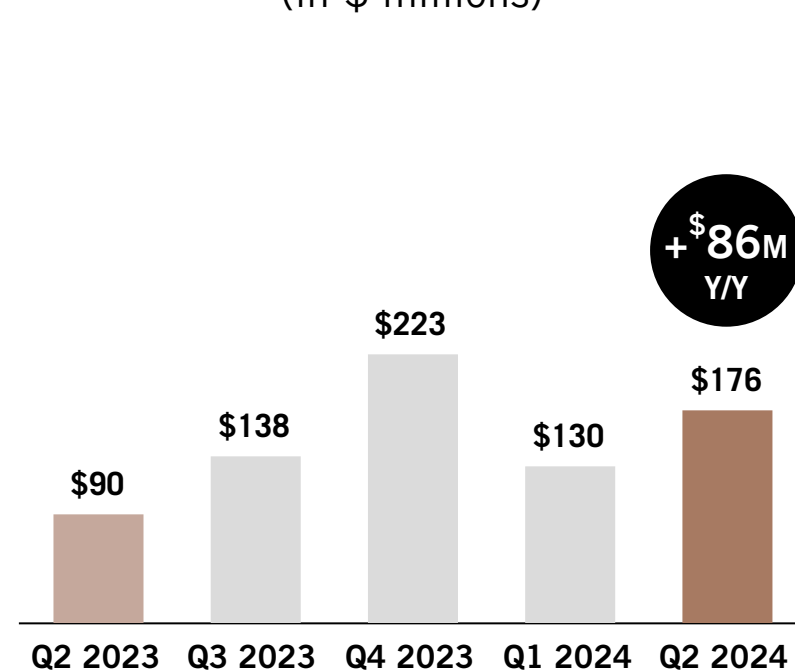
(as a % of net sales)



- Benefit from lower raw materials costs and AUR growth
- Partially offset by higher freight costs

Operating Income

(in \$ millions)



- Driven by 21% increase in sales compared to Q2 2023, along with gross profit rate expansion and expense leverage

2024 Q2 FINANCIAL POSITION

CASH & EQUIVALENTS

- \$738M as compared to \$617M last year

INVENTORIES

- \$540M, up 9.4% from last year
- Clean, current inventory positioned to start the fall season

SHORT-TERM BORROWINGS

- No borrowings outstanding under the company's senior secured revolving credit facility ("ABL Facility")
- \$430M of borrowing available under ABL Facility as of August 3, 2024

GROSS LONG-TERM BORROWINGS

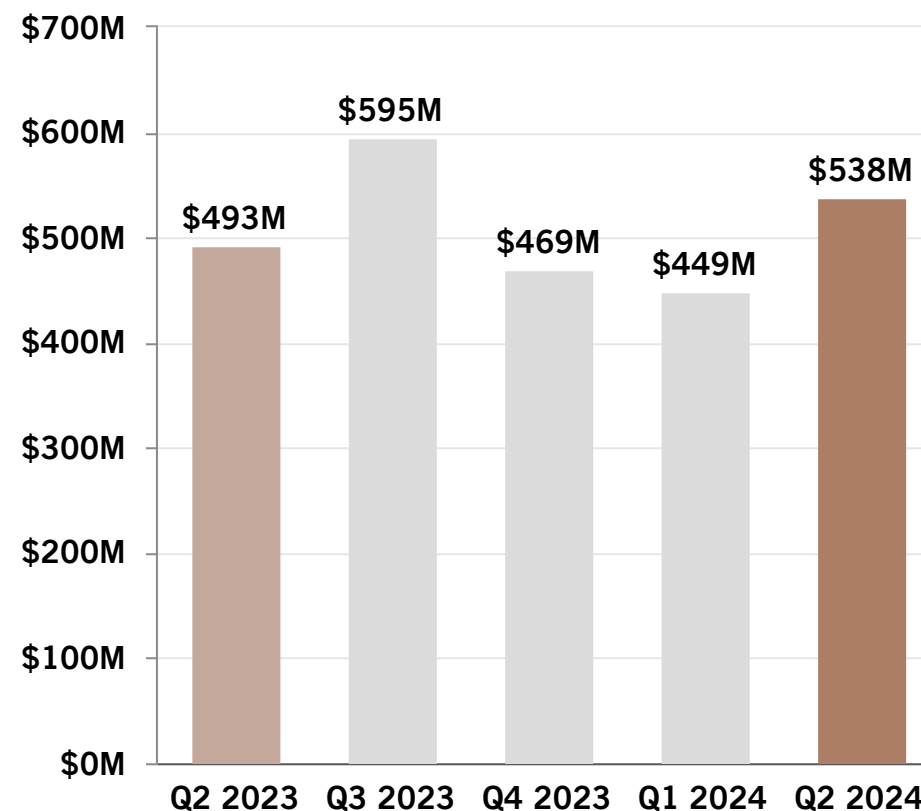
- No borrowings outstanding compared with \$300M last year; all remaining outstanding 8.75% Senior Secured Notes, due in July 2025, were redeemed in the second quarter

TOTAL LIQUIDITY ⁽¹⁾

- \$1.2B as compared to \$928M last year

(1) Liquidity is comprised of cash and equivalents and borrowing available under the ABL Facility.

Inventory



2024 FISCAL OUTLOOK



Q3 2024	Q3 OUTLOOK
NET SALES	UP LOW DOUBLE-DIGITS
OPERATING MARGIN	IN THE RANGE OF 13% TO 14%
EFFECTIVE TAX RATE	MID-20S ⁽¹⁾

The following outlook replaces all previous full year guidance. For fiscal 2024, the company now expects:

FY 2024	CURRENT FULL YEAR OUTLOOK	PREVIOUS FULL YEAR OUTLOOK ⁽²⁾
NET SALES	IN THE RANGE OF 12% TO 13% ⁽³⁾	AROUND 10% ⁽³⁾
OPERATING MARGIN	IN THE RANGE OF 14% TO 15%	AROUND 14%
EFFECTIVE TAX RATE	MID-20S ⁽⁴⁾	MID-TO-HIGH 20s
CAPITAL EXPENDITURES	~\$170 MILLION	~\$170 MILLION

⁽¹⁾ This outlook assumes the continued inability to realize benefits on certain expected tax losses incurred outside of the U.S.

⁽²⁾ Released May 29, 2024.

⁽³⁾ Includes the adverse impact of \$50 million from the loss of one selling week in Fiscal 2024.

⁽⁴⁾ The current outlook assumes the continued inability to realize benefits on certain expected tax losses incurred outside of the U.S., although to a lesser extent than than previously projected, primarily due to higher worldwide income levels.

APPENDIX

INCOME STATEMENT

<i>(in thousands)</i>	GAAP			
	Q2 2024	% OF NET SALES	Q2 2023	% OF NET SALES
NET SALES	\$1,133,974	100.0%	\$935,345	100.0%
GROSS PROFIT ⁽¹⁾	736,262	64.9%	584,380	62.5%
OPERATING EXPENSE	560,704	49.4%	497,232	53.2%
OTHER OPERATING INCOME, NET	(67)	0.0%	(2,694)	(0.3)%
OPERATING INCOME	175,625	15.5%	89,842	9.6%
INTEREST (INCOME) EXPENSE, NET	(5,203)	(0.5)%	1,097	0.1%
INCOME BEFORE INCOME TAXES	180,828	15.9%	88,745	9.5%
INCOME TAX EXPENSE	45,449	4.0%	30,014	3.2%
NET INCOME	\$133,168	11.7%	\$56,894	6.1%
NET INCOME PER SHARE ATTRIBUTABLE TO A&F				
BASIC	\$2.60		\$1.13	
DILUTED	\$2.50		\$1.10	
WEIGHTED-AVERAGE SHARES				
BASIC	51,246		50,322	
DILUTED	53,279		51,548	

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



BALANCE SHEET

<i>(in thousands)</i>	AUGUST 3, 2024	FEBRUARY 3, 2024	JULY 29, 2023
CASH AND EQUIVALENTS	\$738,402	\$900,884	\$617,339
RECEIVABLES	115,077	78,346	112,597
INVENTORIES	539,759	469,466	493,479
OTHER CURRENT ASSETS	123,415	88,569	87,850
TOTAL CURRENT ASSETS	\$1,516,653	\$1,537,265	\$1,311,265
PROPERTY AND EQUIPMENT, NET	552,453	538,033	553,680
OPERATING LEASE RIGHT-OF-USE ASSETS	746,788	678,256	714,977
OTHER ASSETS	233,664	220,679	216,792
TOTAL ASSETS	\$3,049,558	\$2,974,233	\$2,796,714
ACCOUNTS PAYABLE	\$406,756	\$296,976	\$323,197
ACCRUED EXPENSES	422,484	436,655	375,544
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	202,840	179,625	191,700
INCOME TAXES PAYABLE	19,576	53,564	46,039
TOTAL CURRENT LIABILITIES	\$1,051,656	\$966,820	\$936,480
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	688,006	646,624	692,046
LONG-TERM BORROWINGS, NET	—	222,119	297,385
OTHER LIABILITIES	88,746	88,683	92,019
TOTAL LONG-TERM LIABILITIES	\$776,752	\$957,426	\$1,081,450
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	1,206,526	1,035,160	768,306
NONCONTROLLING INTEREST	14,624	14,827	10,478
TOTAL STOCKHOLDERS' EQUITY	\$1,221,150	\$1,049,987	\$778,784
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,049,558	\$2,974,233	\$2,796,714



STATEMENT OF CASH FLOWS

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	AUGUST 3, 2024	JULY 29, 2023
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$260,119	\$216,328
PURCHASES OF MARKETABLE SECURITIES	(15,000)	—
PURCHASES OF PROPERTY AND EQUIPMENT	(81,649)	(89,780)
NET CASH USED FOR INVESTING ACTIVITIES	\$(96,649)	\$(89,780)
REDEMPTION OF SENIOR SECURED NOTES	(223,331)	—
PAYMENT OF DEBT MODIFICATION COSTS AND FEES	(2,716)	(17)
PURCHASES OF COMMON STOCK	(30,000)	—
ACQUISITION OF COMMON STOCK FOR TAX WITHHOLDING OBLIGATIONS	(67,224)	(18,769)
OTHER FINANCING ACTIVITIES	(3,690)	(4,556)
NET CASH USED FOR FINANCING ACTIVITIES	\$(326,961)	\$(23,342)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH	101	(3,672)
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS	\$(163,390)	\$99,534
CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, BEGINNING OF PERIOD	\$909,685	\$527,569
CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, END OF PERIOD	\$746,295	\$627,103



SHARE REPURCHASES

SINCE THE START OF 2021, THE COMPANY REPURCHASED APPROXIMATELY 15 MILLION SHARES FOR APPROXIMATELY \$533 MILLION. THERE IS APPROXIMATELY \$202 MILLION REMAINING UNDER OUR PREVIOUSLY AUTHORIZED SHARE REPURCHASE PROGRAM.

<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES ⁽¹⁾			
	NUMBER OF SHARES	COST	AVERAGE COST	TOTAL
FY 2021	10,200	\$377,290	\$36.99	\$377,290
FY 2022	4,770	\$125,775	\$26.37	\$125,775
FY 2023	—	\$—	\$—	\$—
YTD 2024	204	\$30,000	\$147.41	\$30,000
<i>(in thousands)</i>	FY 2021	FY 2022	FY 2023	Q2 2024
ENDING SHARES OUTSTANDING	52,985	49,002	50,500	51,069

⁽¹⁾ As part of publicly announced plans or programs.



RECONCILIATION OF GAAP TO NON-GAAP RESULTS

NET SALES BY GEOGRAPHY AND BRAND

<i>(in thousands)</i>	Q2 2023					
	Q2 2024	GAAP	IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	NON-GAAP CONSTANT CURRENCY BASIS	GAAP Δ %	NON-GAAP CONSTANT CURRENCY BASIS Δ %
NET SALES BY SEGMENT: ⁽²⁾						
AMERICAS	\$ 901,224	\$ 731,427	\$ (833)	\$ 730,594	23%	23%
EMEA	199,682	171,962	(413)	171,549	16%	16%
APAC	33,068	31,956	(1,124)	30,832	3%	7%
TOTAL COMPANY	\$ 1,133,974	\$ 935,345	\$ (2,370)	\$ 932,975	21%	22%

<i>(in thousands)</i>	Q2 2023					
	Q2 2024	GAAP	IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	NON-GAAP CONSTANT CURRENCY BASIS	GAAP Δ %	NON-GAAP CONSTANT CURRENCY BASIS Δ %
NET SALES BY BRAND:						
ABERCROMBIE ⁽³⁾	\$ 582,416	\$ 462,711	\$ (1,125)	\$ 461,586	26%	26%
HOLLISTER ⁽⁴⁾	551,558	472,634	(1,245)	471,389	17%	17%
TOTAL COMPANY	\$ 1,133,974	\$ 935,345	\$ (2,370)	\$ 932,975	21%	22%

- ⁽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⁾ Net sales by segment are presented by attributing revenues to an individual country on the basis of the segment that fulfills the order.
- ⁽³⁾ Abercrombie includes Abercrombie & Fitch and abercrombie kids.
- ⁽⁴⁾ Hollister includes Hollister and Gilly Hicks.
- ⁽⁵⁾

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

STATEMENT OF OPERATIONS

NET SALES			
	Q2 2024	Q2 2023	Δ %
GAAP	\$1,133,974	\$935,345	21%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	—	0%
NON-GAAP CONSTANT CURRENCY BASIS	\$1,133,974	\$932,975	22%
GROSS PROFIT			
	Q2 2024	Q2 2023	Δ BPS ⁽²⁾
GAAP	\$736,262	\$584,380	240
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(120)	(10)
NON-GAAP CONSTANT CURRENCY BASIS	\$736,262	\$584,260	230
OPERATING INCOME			
	Q2 2024	Q2 2023	Δ BPS ⁽²⁾
GAAP	\$175,625	\$89,842	590
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(1,467)	10
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$175,625	\$88,375	600
NET INCOME PER DILUTED SHARE			
	Q2 2024	Q2 2023	Δ \$
GAAP	\$2.50	\$1.10	\$1.40
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(0.02)	0.02
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$2.50	\$1.08	\$1.42

⁽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.



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