

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	April 30, 2022	% of Net Sales	May 1, 2021	% of Net Sales
Net sales	\$ 812,762	100.0 %	\$ 781,405	100.0 %
Cost of sales, exclusive of depreciation and amortization	363,216	44.7 %	286,271	36.6 %
Gross profit	449,546	55.3 %	495,134	63.4 %
Stores and distribution expense	337,543	41.5 %	316,608	40.5 %
Marketing, general and administrative expense	122,149	15.0 %	120,947	15.5 %
Flagship store exit benefits	—	0.0 %	(1,100)	(0.1)%
Asset impairment	3,422	0.4 %	2,664	0.3 %
Other operating income, net	(3,842)	(0.5)%	(1,418)	(0.2)%
Operating (loss) income	(9,726)	(1.2)%	57,433	7.3 %
Other 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	(14,846)	(1.8)%	42,706	5.5 %
Less: Net income attributable to noncontrolling interests	1,623	0.2 %	938	0.1 %
Net (loss) income attributable to A&F	<u>\$ (16,469)</u>	(2.0)%	<u>\$ 41,768</u>	5.3 %

Net (loss) income per share attributable to A&F

Basic	\$ (0.32)	\$ 0.67
Diluted	\$ (0.32)	\$ 0.64

Weighted-average shares outstanding:

Basic	52,077	62,380
Diluted	52,077	65,305

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.

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 April 30, 2022
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Asset impairment, exclusive of flagship store exit charges ⁽²⁾	\$ 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 ⁽³⁾	(2,187)	(918)	(1,269)
Net loss attributable to Abercrombie & Fitch Co.	\$ (16,469)	\$ (2,504)	\$ (13,965)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.32)	\$ (0.05)	\$ (0.27)
Diluted weighted-average shares outstanding:	52,077		52,077

⁽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 \$3.4 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 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.
Reconciliation of Constant Currency Financial Measures
Thirteen Weeks Ended April 30, 2022
(in thousands, except percentage and basis point changes and per share data)
(Unaudited)

	2022	2021	% Change
Net sales			
GAAP ⁽¹⁾	\$ 812,762	\$ 781,405	4%
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(8,529)	1%
Net sales on a constant currency basis	\$ 812,762	\$ 772,876	5%
Gross profit			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ 449,546	\$ 495,134	(810)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	(3,283)	(20)
Gross profit on a constant currency basis	\$ 449,546	\$ 491,851	(830)
Operating (loss) income			
	2022	2021	BPS Change ⁽³⁾
GAAP ⁽¹⁾	\$ (9,726)	\$ 57,433	(850)
Excluded items ⁽⁴⁾	(3,422)	(2,664)	(10)
Adjusted non-GAAP	\$ (6,304)	\$ 60,097	(860)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	4,341	(50)
Adjusted non-GAAP constant currency basis	\$ (6,304)	\$ 64,438	(910)
Net income (loss) per diluted share attributable to Abercrombie & Fitch Co.			
	2022	2021	\$ Change
GAAP ⁽¹⁾	\$ (0.32)	\$ 0.64	\$(0.96)
Excluded items, net of tax ⁽⁴⁾	(0.05)	(0.03)	(0.02)
Adjusted non-GAAP	\$ (0.27)	\$ 0.67	\$(0.94)
Impact from changes in foreign currency exchange rates ⁽²⁾	—	0.05	(0.05)
Adjusted non-GAAP constant currency basis	\$ (0.27)	\$ 0.72	\$(0.99)

⁽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 \$3.4 million and \$2.7 million for the current year and prior year, respectively.

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

	April 30, 2022	January 29, 2022	May 1, 2021
Assets			
Current assets:			
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
Liabilities and stockholders' equity			
Current liabilities:			
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 liabilities:			
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 interests	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

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

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating activities		
Net cash used for operating activities	\$ (217,787)	\$ (131,350)
Investing activities		
Purchases of property and equipment	\$ (26,292)	\$ (14,404)
Proceeds from sale of property and equipment	7,751	—
Net cash used for investing activities	\$ (18,541)	\$ (14,404)
Financing activities		
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	<u>\$ 478,478</u>	<u>\$ 924,191</u>

**Abercrombie & Fitch Co.
Store Count**

	Thirteen Weeks Ended April 30, 2022						
	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total Company ⁽³⁾		
	United States	International	United States	International	United States	International	Total
January 29, 2022	351	154	173	51	524	205	729
New	1	2	1	—	2	2	4
Permanently closed	—	—	(3)	(2)	(3)	(2)	(5)
April 30, 2022	<u>352</u>	<u>156</u>	<u>171</u>	<u>49</u>	<u>523</u>	<u>205</u>	<u>728</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 9 international franchise stores as of April 30, 2022, and January 29, 2022. Excludes 13 Company-operated temporary stores as of April 30, 2022 and 14 Company-operated temporary stores 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 14 international franchise stores as of April 30, 2022 and January 29, 2022. Excludes 5 Company-operated temporary stores as of each of April 30, 2022 and January 29, 2022.

⁽³⁾ This store count excludes one international third-party operated multi-brand outlet store as of each of April 30, 2022, January 29, 2022, and January 29, 2022.