VGR

// Q2 FY2026

# A&F Co.

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Abercrombie & Fitch HOLLISTER abercrombie kids

**VGR MARKET INTELLIGENCE**

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## Executive Summary

Abercrombie & Fitch reported second-quarter net sales of $1,266.7 million, 4.8% more than the $1,208.6 million of the same quarter a year earlier, which the company describes as record second-quarter sales. Operating income rose 22.3% to $252.7 million ($206.7 million), the operating margin was 19.9% (17.1%) and diluted earnings per share were $4.17 ($2.91). The quarter includes approximately $100 million of IEEPA tariff refunds, booked as a reduction of cost of sales. The margin and the earnings per share were both above the company's May outlook of around 10% and $1.80 to $2.00 a share, with or without the refund. The company raised its full-year sales, margin and earnings guidance and its share repurchase commitment to at least $500 million. Sections 02 to 13 measure what produced the result.

**Net sales rose $58.1 million, 4.8%, and the company's own like-for-like measure was flat at 0%; with currency at nil, the whole of the increase came from components the release does not size.**

The release gives two growth rates for the quarter. Reported net sales grew 5%, which is 4.8% on the printed figures. Comparable sales, which the company defines on a constant-currency basis over stores open a year whose square footage has not moved by more than 20%, plus digital, were flat. The gap is five percentage points. Currency does not account for it: the company's own reconciliation puts the translation effect on prior-year net sales at $223 thousand, 0.0% of the base, and reported and constant-currency growth are both 5%. No acquisition or disposal is disclosed in either period. The remainder is space and other sources the release does not size. The comparable-sales definition shows where part of it arises: a store whose square footage has been expanded or reduced by more than 20% in the past year leaves the comparable base, and the full-year plan carries 80 remodels and right-sizes alongside 50 openings and 20 closures.

The gap between reported and comparable growth appears in every line the company publishes. Americas grew 5% reported against 1% comparable. EMEA grew 2% reported against minus 4% comparable. APAC grew 19% reported against 13% comparable. Abercrombie brands grew 8% reported against 4% comparable. Hollister grew 2% reported against minus 3% comparable. Two of the five lines the company publishes are negative on the like-for-like measure, and one of them is Hollister, which at $669.9 million is 52.9% of group sales and the larger of the two brands.

By contribution, Abercrombie brands supplied $44.9 million of the $58.1 million increase, or 77.3%, on a base that is 45.7% of the group. Hollister supplied $13.2 million, 22.7%, on a base that is 54.3%. Americas supplied $46.3 million, 79.7%. APAC supplied $7.0 million, 12.1%, on a base of 3.1%, and EMEA $4.8 million, 8.2%.

The brand mix moved 1.4 percentage points towards Abercrombie in a single quarter. Growth composition is measured in section 04.

**Excluding the refund the operating margin was 12.1% against 13.9% a year earlier on the company's adjusted basis, 185 basis points lower; selling expense rose by 400 basis points of sales.**

The reported operating margin of 19.9% contains 790 basis points of tariff refund, a figure the company itself publishes. Remove it and operating income is $152.7 million on sales of $1,266.7 million, a margin of 12.1%. The comparison the company sets up in its own release is against $168.1 million and 13.9% last year, its adjusted non-GAAP basis excluding a $38.6 million litigation settlement. On that basis underlying operating income fell 9.2% and the underlying margin fell 185 basis points, on sales that rose 4.8%.

Gross margin, constructed as net sales less cost of sales because the company prints no gross profit line, was 63.2% excluding the refund against 62.6%, a gain of 57 basis points. The expense lines more than offset it: selling expense rose 18.3% to $444.0 million, from 31.1% of sales to 35.1%, costing 400 basis points; general and administrative expense rose 16.8% to $204.8 million, from 14.5% to 16.2%, costing a further 166. Selling expense alone rose $68.7 million against incremental gross profit excluding the refund of $43.6 million, a difference of $25.1 million. Selling expense grew 3.8 times as fast as sales.

The first quarter shows both movements as well. Subtracting the thirteen weeks from the twenty-six weeks gives the first quarter of each year exactly: operating income of $88.8 million against $101.5 million, down 12.5%, with selling expense up 227 basis points of sales. The prior-year litigation settlement is $38.6 million in both the quarterly and the half-yearly reconciliation, so all of it sits in the second quarter of fiscal 2025 and the first-quarter comparison needs no adjustment. Across the half, operating income excluding the refund was $241.5 million against $269.6 million adjusted, down 10.4%, and the underlying margin fell 155 basis points to 10.1%. Section 06 carries the full bridge.

**Earnings per share excluding the refund were $2.42 against $2.32, up 4.3%, on net income that fell about 5.5%; the diluted share count fell 9.3%.**

The company gives the refund's per-share value as $1.75, calculated at a 26% tax rate. Diluted earnings excluding it are therefore $2.42 against the prior-year adjusted $2.32, up 4.3%. Multiplying $2.42 by the 44,051 thousand diluted shares gives net income attributable to A&F of about $106.6 million, against $112.8 million adjusted last year, down about 5.5%. Restating the same $106.6 million on last year's 48,551 thousand shares gives $2.20, so the buyback is worth about $0.22 a share and the business contributed about minus $0.12. Two further lines below operating profit worked the same way: the effective tax rate fell to 28.7% from 31.4%, worth about $0.16 a share, and interest income rose $5.1 million, worth

about $0.09 after tax, part of which is interest on the tariff refunds and is not separately disclosed.

The twenty-six weeks show the same pattern on printed figures alone. Diluted earnings excluding the refund were $3.84 against $3.90 adjusted, down 1.5%, after the diluted share count fell 9.5%. The company repurchased 2.0 million shares for $177 million in the quarter and 3.2 million for $282 million in the half, and raised the full-year commitment to at least $500 million against $568 million of remaining authorisation. Sections 09 and 10 measure the capital allocation and the earnings quality.

**WHAT TO WATCH**

Q3 fiscal 2026 results, expected late November 2026. Hollister comparable sales, as the company reports them in the net sales by brand family table. The second quarter was minus 3%. A continuation is a second consecutive negative quarter; a break is a return to positive.

Q3 fiscal 2026 results. Selling expense as a percentage of net sales, from the condensed consolidated statements of operations. It was 36.4% in the first quarter and 35.1% in the second, against 36.4% and 31.1% a year earlier, so the deleverage widened from 227 basis points to 400. A continuation is a third consecutive quarter of deleverage; a break is selling expense growing no faster than net sales.

Q4 and full-year fiscal 2026 results, expected March 2027. Net income per diluted share for the fourth quarter. The company guides $2.10 of full-year refund benefit, of which $1.75 was taken in the second quarter and $0.35 is guided for the third, which leaves none for the fourth. Its own full-year and third-quarter ranges imply a fourth quarter of $4.31 to $5.11 a share with no refund in it. A continuation is a fourth quarter inside that range; a break is a figure below $4.31, which puts the full year under the guided $13.10.

Q3 fiscal 2026 balance sheet. The two operating lease liability lines, short-term and long-term. They totalled $1,287.4 million against $1,099.5 million a year earlier, up 17.1% against net sales up 4.8%. A continuation is a second consecutive quarter of lease liabilities growing at more than three times the rate of sales; a break is the two rates converging.

Any Form 8-K on the APAC review. The company lists "risks related to the review of strategic alternatives for our APAC region" among its forward-looking statement factors. APAC is $44.2 million of sales, 3.5% of the group, growing 18.9% reported and 13% comparable, the fastest of the three segments. What to check is whether an outcome is announced and whether the segment continues to be reported.

VGR will publish the Q3 fiscal 2026 analysis when the figures are released.

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**ABERCROMBIE & FITCH CO. · NYSE: ANF · Q2 FISCAL 2026 · USD AS PUBLISHED**

FINANCIAL YEAR ENDS 30 JANUARY 2027 · PERIOD ENDED 1 AUGUST 2026 · REPORTED 26 AUGUST 2026 · ANALYSIS 30 SEPTEMBER 2026

| NET REVENUES | GROSS PROFIT | OPERATING PROFIT | NET PROFIT |
|---|---|---|---|
| +4.8% | +19.0% | +22.3% | +29.9% |
| 1,266.7 vs 1,208.6 | 900.6 vs 757.0 | 252.7 vs 206.7 | 183.7 vs 141.4 |

| | GROSS MARGIN | OPERATING MARGIN | RoS |
|---|---|---|---|
| | 71.1% | 19.9% | 14.5% |
| | from 62.6% | from 17.1% | from 11.7% |

$m, quarter against the same quarter a year earlier; both years as reported under GAAP; fiscal 2026 includes approximately $100m of tariff refunds and fiscal 2025 a $38.6m litigation settlement; gross profit is net sales less cost of sales exclusive of D&A; net profit attributable to A&F

Primary source: Abercrombie & Fitch Co. (NYSE: ANF), results release filed as Exhibit 99.1 to a Form 8-K, also on GlobeNewswire; presentation posted 07:30 EDT, call 08:30 EDT. Unaudited; comparatives as printed in the release. Dollars as published, nothing converted. The changes, margin rates and return on sales (net profit divided by net sales) are VGR arithmetic.

## Reported and VGR basis, side by side

The VGR basis removes the approximately $100 million of IEEPA tariff refunds from the current quarter and compares against the company's own adjusted non-GAAP prior year, which removes the $38.6 million litigation settlement. Both adjustments are the company's own figures. Nothing else is restated.

| THIRTEEN WEEKS | REPORTED | VGR BASIS | PRIOR YEAR |
|---|---|---|---|
| **Net sales** | $1,266.7m | $1,266.7m | $1,208.6m |
| **Net sales growth** | +4.8% | +4.8% | |
| **Comparable sales** | 0% | 0% | |
| **Cost of sales** | $366.1m | $466.1m | $451.6m |
| **Gross profit** | $900.6m | $800.6m | $757.0m |

| THIRTEEN WEEKS | REPORTED | VGR BASIS | PRIOR YEAR |
|---|---|---|---|
| **Gross margin** | 71.1% | 63.2% | 62.6% |
| **Selling expense** | $444.0m | $444.0m | $375.4m |
| **General and administrative** | $204.8m | $204.8m | $175.3m |
| **Operating income** | $252.7m | $152.7m | $168.1m adj |
| **Operating margin** | 19.9% | 12.1% | 13.9% adj |
| **Net income attributable to A&F** | $183.7m | $106.6m | $112.8m adj |
| **Diluted EPS** | $4.17 | $2.42 | $2.32 adj |
| **Diluted shares** | 44,051k | 44,051k | 48,551k |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. The VGR column removes the refund; gross profit is net sales less cost of sales exclusive of depreciation and amortisation. Net income on the VGR basis is $2.42 multiplied by the diluted share count and carries the rounding of the company's per-share figure. Prior-year adjusted figures are the company's own non-GAAP reconciliation.

### The twenty-six weeks

| TWENTY-SIX WEEKS | REPORTED | VGR BASIS | PRIOR YEAR |
|---|---|---|---|
| **Net sales** | $2,380.5m | $2,380.5m | $2,305.9m |
| **Net sales growth** | +3.2% | +3.2% | |
| **Gross margin** | 67.2% | 63.0% | 62.3% |
| **Operating income** | $341.5m | $241.5m | $269.6m adj |
| **Operating margin** | 14.3% | 10.1% | 11.7% adj |
| **Diluted EPS** | $5.59 | $3.84 | $3.90 adj |
| **Diluted shares** | 44,864k | 44,864k | 49,592k |
| **Operating cash flow** | $313.4m | | $112.9m |
| **Purchases of property and equipment** | $129.4m | | $116.9m |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic.

### The quarterly series, recovered from the release

The release prints the thirteen weeks and the twenty-six weeks for both years, so the first quarter of each is the difference between two disclosed columns. It is arithmetic on the primary source, not an estimate, and it turns a one-quarter reading into a two-quarter series without leaving the document.

| THIRTEEN WEEKS | Q1 26 | Q1 25 | MOVEMENT |
|---|---|---|---|
| **Net sales** | $1,113.8m | $1,097.3m | +1.5% |

| THIRTEEN WEEKS | Q1 26 | Q1 25 | MOVEMENT |
|---|---|---|---|
| **Gross margin** | 62.8% | 62.0% | +86bp |
| **Selling expense** | 38.7% of sales | 36.4% of sales | +227bp |
| **General and administrative** | 16.4% of sales | 15.9% of sales | +47bp |
| **Operating income** | $88.8m | $101.5m | −12.5% |
| **Operating margin** | 8.0% | 9.3% | −128bp |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Every figure is the twenty-six-week column less the thirteen-week column, both as printed. The prior-year litigation settlement is $38.6 million in both reconciliations, so none of it falls in the first quarter and no adjustment is required. VGR arithmetic.

03 · THE RESTATEMENT BRIDGE

## Block N — what had to be restated before anything could be compared

Five comparability questions arise in this release. Four are settled by the company's own disclosure and one is not.

| QUESTION | FINDING | EFFECT ON THE COMPARISON |
|---|---|---|
| **Period length** | Thirteen weeks against thirteen weeks; twenty-six against twenty-six, as headed in the statements themselves. | None. No week-count distortion exists. |
| **Currency** | The company's reconciliation puts the translation effect on prior-year net sales at $223 thousand and on prior-year EPS at $0.01. Reported and constant-currency growth are both 5%. | None material. Currency is 0.0pp of the growth. |
| **Perimeter** | No acquisition, disposal or segment redefinition is disclosed in either period. The segment and brand tables use the same five captions in both years. | None. |
| **Prior-year one-off** | A $38,574 thousand favourable settlement of payment card interchange fee litigation, net of legal fees, in the second quarter of fiscal 2025. The company reconciles it out. | Material. Restated using the company's own adjusted non-GAAP column. |

| QUESTION | FINDING | EFFECT ON THE COMPARISON |
|---|---|---|
| **Current-year one-off** | Approximately $100 million of IEEPA tariff refunds, stated by the company to be "reflected as a reduction of cost of sales", worth 790 basis points of margin and $1.75 a diluted share. | Material. Removed for the VGR basis throughout this document. |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published.

### The one restatement that cannot be completed

The release presents the prior-year litigation settlement as a standalone reconciling item above operating income and never says which expense line it sat in. Total prior-year operating expense can therefore be restated onto an adjusted basis, and is: selling expense plus general and administrative expense was $550.7 million as reported and $589.3 million with the settlement added back, 48.8% of sales rather than 45.6%. On that basis the combined line grew 10.1% and cost 247 basis points of margin, rather than the 17.8% and 566 basis points the reported figures show. What cannot be done is to split that $38.6 million between selling expense and general and administrative expense. The individual line movements of plus 400 and plus 166 basis points quoted in section 06 are therefore stated on the reported basis, and carry this qualification wherever they appear.

This is a disclosure limitation, not a change to any total. It qualifies the margin bridge; it does not alter the operating income, the operating margin or the earnings per share on either basis, because the company's own adjusted column already carries the settlement out at the operating income line. The disclosure that would settle it is the corresponding prior-year quarterly report on Form 10-Q, which describes where the settlement was recorded.

04 · GROWTH COMPOSITION

## Block A — $58.1 million of growth, and what the release lets a reader attribute

| SEGMENT | Q2 26 | Q2 25 | REPORTED GROWTH | COMPARABLE |
|---|---|---|---|---|
| **Americas** | $1,020.5m | $974.2m | +4.8% | +1% |
| **EMEA** | $202.0m | $197.2m | +2.4% | −4% |
| **APAC** | $44.2m | $37.2m | +18.9% | +13% |
| **Total company** | $1,266.7m | $1,208.6m | +4.8% | 0% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Comparable sales are the company's, on a constant-currency basis. Reported growth is VGR arithmetic on the printed figures; the company rounds the same rates to 5%, 2% and 19%. Segments foot exactly to the group in both years.

| BRAND FAMILY | Q2 26 | Q2 25 | REPORTED GROWTH | COMPARABLE |
|---|---|---|---|---|
| **Abercrombie** | $596.8m | $551.9m | +8.1% | +4% |
| **Hollister** | $669.9m | $656.7m | +2.0% | −3% |
| **Total company** | $1,266.7m | $1,208.6m | +4.8% | 0% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic.

Hollister is the larger brand and the weaker one on the company's like-for-like measure. It carries 52.9% of group sales, down from 54.3%, and grew 2.0% reported on comparable sales of minus 3%. Abercrombie brands carry 47.1%, up from 45.7%, and grew 8.1% reported on comparable sales of plus 4%. Between them the two brands moved 1.4 percentage points of mix in one quarter. The release publishes no operating profit by brand, so which of the two carries the better margin cannot be established from this document.

### Contribution to the increase

| LINE | INCREASE | SHARE OF GROUP GROWTH | SHARE OF PRIOR-YEAR BASE |
|---|---|---|---|
| **Americas** | +$46.3m | 79.7% | 80.6% |
| **EMEA** | +$4.8m | 8.2% | 16.3% |
| **APAC** | +$7.0m | 12.1% | 3.1% |
| **Abercrombie** | +$44.9m | 77.3% | 45.7% |
| **Hollister** | +$13.2m | 22.7% | 54.3% |
| **Group** | +$58.1m | 100.0% | 100.0% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. VGR arithmetic. Segment shares and brand shares each sum to 100.0% independently; the two are alternative cuts of the same $58.1 million.

### The Growth Composition Index

The index splits reported growth into five sources in percentage points: currency, perimeter, space, like-for-like, and sell-in and other. Where a component is not disclosed it is shown as not disclosed rather than folded into a residual.

| COMPONENT | CONTRIBUTION | BASIS |
|---|---|---|
| **Currency** | 0.0pp | The company's own reconciliation: a $223 thousand effect on a $1,208.6 million base. |
| **Perimeter** | 0.0pp | No acquisition, disposal or redefinition disclosed in either period. |

| COMPONENT | CONTRIBUTION | BASIS |
|---|---|---|
| **Like-for-like** | 0.0pp | Comparable sales of 0%. A rate of zero contributes zero whatever share of sales the comparable base represents, so this line does not depend on a figure the company withholds. |
| **Space** | not disclosed | No store count by period, no openings or closures for the quarter, no selling area. |
| **Sell-in and other** | not disclosed | No channel split and no wholesale line is published. |
| **Reported growth** | +4.8pp | Of which +4.8pp sits in the two undisclosed components. |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. VGR arithmetic on the company's disclosed rates. The index is published as components only; no composite is computed where a component is not calculable.

The whole of this quarter's growth sits in the two components the company does not size. That is the finding in section 01: reported growth is 4.8%, and the release attributes none of it to a sized cause. The nearest quantified evidence in the document is on the balance sheet, in section 08, where total operating lease liabilities are 17.1% higher than a year ago.

05 · THE ESTATE

## Block B — the disclosure does not support an estate measure

The release gives one estate figure, "approximately 850 stores" across all brands and all regions, and a full-year plan of about 30 net openings, being 50 openings and 20 closures, with 80 remodels and right-sizes, all on owned-and-operated stores only. There is no store count by brand, by region or by period, no opening or closure count for the quarter, no selling area, and no digital penetration. No sales-per-store, sales-per-square-foot or transferred-volume measure can be computed, and none is estimated here.

Two facts in the release nevertheless bear on the estate. The first is the company's own comparable-sales definition, which removes a store from the comparable base when its square footage moves by more than 20% in a year. With 80 remodels and right-sizes planned for the year against an estate of about 850, the base is being reworked at a pace the release does not quantify. The second is the balance sheet: operating lease right-of-use assets rose 18.6% year on year to $1,107.4 million and total operating lease liabilities rose 17.1% to $1,287.4 million, against sales growth

of 4.8%. Capital expenditure guidance was also raised, to around $250 million from around $225 million. The release records the lease commitment and gives no measure of sales per store or per square foot.

06 · MARGIN ARCHITECTURE

## Block C — the bridge, both years underlying

The company prints no gross profit line. Gross profit throughout this section is net sales less cost of sales exclusive of depreciation and amortisation, which is the company's own caption. Because depreciation sits outside cost of sales, this gross margin is not comparable with a peer that loads depreciation into cost of goods sold.

| THIRTEEN WEEKS, % OF NET SALES | Q2 26 REPORTED | Q2 26 EX REFUND | Q2 25 REPORTED |
|---|---|---|---|
| **Cost of sales** | 28.9% | 36.8% | 37.4% |
| **Gross margin** | 71.1% | 63.2% | 62.6% |
| **Selling expense** | 35.1% | 35.1% | 31.1% |
| **General and administrative** | 16.2% | 16.2% | 14.5% |
| **Other operating income, net** | −0.1% | −0.1% | 0.0% |
| **Operating margin** | 19.9% | 12.1% | 17.1% |
| **Operating margin, prior year adjusted** | | | 13.9% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. The ex-refund column adds the company's approximately $100 million of IEEPA tariff refunds back to cost of sales. Percentages are VGR arithmetic on the printed dollars and may differ in the last digit from the company's own rounding.

### The bridge in basis points

| MOVEMENT, UNDERLYING BASIS | BASIS POINTS | NOTE |
|---|---|---|
| **Prior-year adjusted operating margin** | 1,391bp | $168.1m on $1,208.6m, the company's own figure |
| **Gross margin, excluding the refund** | +57bp | 63.2% from 62.6% |
| **Selling expense** | −400bp | 35.1% of sales from 31.1%; reported basis, see section 03 |
| **General and administrative expense** | −166bp | 16.2% from 14.5%; reported basis |

| MOVEMENT, UNDERLYING BASIS | BASIS POINTS | NOTE |
|---|---|---|
| **Other operating income, net** | +5bp | $0.9m from $0.4m |
| **Prior-year settlement, not allocated to a line** | +320bp | the $38.6m, held out of the lines above |
| **Current-year underlying operating margin** | 1,206bp | $152.7m on $1,266.7m |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. VGR arithmetic. The bridge runs from the company's adjusted prior-year margin to the VGR-basis current-year margin, a movement of −185 basis points. The expense lines are on the reported basis because the release does not say which line the prior-year settlement sat in, so the settlement is carried as its own reconciling step. Components are rounded individually; the residual is visible.

Against the prior year as reported, the operating margin rose 285 basis points. Against the prior year as the company itself adjusts it, and with the refund removed, it fell 185. The difference between the two readings is entirely the two one-off items, one in each year, in opposite directions.

### The tariff position

The company publishes a quarterly tariff history. Tariff expense was $15 million in the quarter against $5 million a year earlier, which the company sizes at 100 basis points year on year. The IEEPA refund was $100 million, 790 basis points. The net year-on-year swing is $90 million and 690 basis points. For fiscal 2025 as a whole the company records $90 million of tariff expense; the refunds it now guides for fiscal 2026 are $120 million, more than the whole of last year's cost.

The expense and the refund are treated differently here, and the distinction comes from the company's own outlook rather than from any judgement of VGR's. Tariff expense is guided to continue, at an effective rate of 10.0% to 12.5% for the remainder of the year, improved from the 15% assumed in May. Refunds are guided at $120 million for the year, of which $100 million was taken in the second quarter and $20 million is guided for the third, leaving none for the fourth. On the company's guidance the expense continues into the fourth quarter and the refund does not.

| APPROXIMATE TARIFF IMPACT, $M | FY25 Q2 | FY25 FULL YEAR | FY26 Q1 | FY26 Q2 |
|---|---|---|---|---|
| **Tariff expense** | $5m | $90m | $20m | $15m |
| **IEEPA tariff refund** | — | — | — | −$100m |
| **Net tariff impact** | $5m | $90m | $20m | −$85m |

| APPROXIMATE TARIFF IMPACT, $M | FY25 Q2 | FY25 FULL YEAR | FY26 Q1 | FY26 Q2 |
|---|---|---|---|---|
| **Year-on-year, basis points** | 40bp | 170bp | 180bp | −690bp |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. The company's own table, reproduced. It states the figures are approximate and that the expense line includes IEEPA, Section 122 and Section 301 tariffs, and that the refund line excludes accrued interest.

07 · INVENTORY AND THE MARKDOWN CYCLE

## Block D — inventory is 0.2% lower than a year ago on sales 4.8% higher

| METRIC | 1 AUG 2026 | 2 AUG 2025 | MOVEMENT |
|---|---|---|---|
| **Inventories** | $591.7m | $593.0m | −0.2% |
| **Inventories against 31 January 2026** | $591.7m | $601.2m | −1.6% |
| **Net sales, thirteen weeks** | $1,266.7m | $1,208.6m | +4.8% |
| **Inventory as a share of the quarter's sales** | 46.7% | 49.1% | −238bp |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic.

Inventory is $591.7 million against $593.0 million a year earlier, 0.2% lower, while sales in the quarter grew 4.8%. Measured against the quarter's sales the balance fell from 49.1% to 46.7%. The sales growth was not accompanied by an inventory build. Gross margin excluding the refund rose 57 basis points over the same period, so the inventory and margin lines move in the same direction.

What cannot be measured is the markdown cycle. The release gives the inventory balance and nothing else: no units, no ageing, no markdown rate, no provision, and no quarterly cost of sales split between initial margin and markdown. Days of inventory cannot be computed on a comparable basis either, because cost of sales excludes depreciation and amortisation and the release gives no average balance. The disclosure that would settle it is the inventory note in the corresponding Form 10-Q.

08 · WORKING CAPITAL, CASH AND CAPITAL STRUCTURE

## Blocks E and F — operating cash flow more than doubled; lease liabilities grew 3.6 times as fast as sales

| TWENTY-SIX WEEKS | FY26 | FY25 | MOVEMENT |
|---|---|---|---|
| **Net cash provided by operating activities** | $313.4m | $112.9m | +177.6% |
| **Purchases of property and equipment** | $129.4m | $116.9m | +10.6% |
| **Free cash flow, VGR definition** | $184.0m | −$4.1m | n/m |
| **Net cash used for investing activities** | $114.4m | $31.9m | |
| **Net cash used for financing activities** | $329.8m | $290.7m | |
| **Purchases of common stock, cash** | $286.4m | $251.2m | +14.0% |
| **Depreciation and amortisation** | $85.6m | $76.0m | +12.6% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Free cash flow is operating cash flow less purchases of property and equipment, a VGR definition stated here and used consistently. The cash flow statement is given for the twenty-six weeks only, so no quarterly cash figure is computed. The statement foots exactly: 313.4 − 114.4 − 329.8 − 1.2 = −131.9.

Operating cash flow rose to $313.4 million from $112.9 million, the largest year-on-year movement in the release. Part of it is the tariff refund itself, which was received in cash in the quarter; removing approximately $100 million still leaves about $213 million, about 89.0% ahead of last year. Free cash flow on the definition above turned from minus $4.1 million to plus $184.0 million across the half.

### The balance sheet

| METRIC | 1 AUG 2026 | 2 AUG 2025 | MOVEMENT |
|---|---|---|---|
| **Cash and equivalents** | $627.7m | $572.7m | +9.6% |
| **Marketable securities** | $10.3m | $30.8m | −66.6% |
| **Receivables** | $190.3m | $174.0m | +9.4% |
| **Operating lease right-of-use assets** | $1,107.4m | $933.6m | +18.6% |
| **Operating lease liabilities, total** | $1,287.4m | $1,099.5m | +17.1% |
| **Total A&F stockholders' equity** | $1,354.5m | $1,292.3m | +4.8% |

| METRIC | 1 AUG 2026 | 2 AUG 2025 | MOVEMENT |
|---|---|---|---|
| **Total assets** | $3,594.9m | $3,301.9m | +8.9% |
| **Borrowings** | none drawn | none drawn | |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Total operating lease liabilities are the short-term and long-term lines added: 262.4 + 1,025.1 against 223.0 + 876.5. The balance sheet foots exactly. VGR arithmetic on the percentage movements.

The company carries no drawn debt. It has $500 million of capacity under an asset-based revolving facility, of which it states $450 million is available after the minimum excess availability requirement, and reports total liquidity of approximately $1.1 billion.

Total operating lease liabilities rose 17.1% year on year against sales up 4.8%, a ratio of 3.6 to one, and right-of-use assets rose 18.6%. A lease liability is a contracted commitment. It is the one quantified measure in this release of the space behind the growth that the comparable-sales line does not capture. Receivables also grew faster than sales, up 9.4%, on a base of $190.3 million. Equity fell 3.5% against the January balance because repurchases exceeded retained earnings over the half.

09 · CAPITAL ALLOCATION AND RETURNS

## Block G — the buyback is the largest use of cash and the largest single support to earnings per share

| ITEM | Q2 FY26 | YEAR TO DATE | FULL-YEAR GUIDANCE |
|---|---|---|---|
| **Shares repurchased** | 2.0m | 3.2m | |
| **Cost of repurchases** | $177m | $282m | at least $500m |
| **Reduction in shares outstanding since year start** | | 7% | |
| **Diluted weighted-average shares** | 44,051k | 44,864k | around 44m |
| **Change in diluted shares year on year** | −9.3% | −9.5% | |
| **Capital expenditure** | | $129.4m | around $250m |
| **Authorisation remaining** | | $568m | |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Share counts and repurchase figures are the company's. The percentage changes in the diluted count are VGR arithmetic. The March 2025 authorisation is the company's own reference.

The company spent $282 million on repurchases in the half against $129.4 million of capital expenditure, so buybacks were 2.2 times investment. It raised the full-year

repurchase commitment to at least $500 million from around $450 million and the capital expenditure guidance to around $250 million from around $225 million, both in the same release. The remaining authorisation of $568 million exceeds the raised commitment, so authorisation is not the binding constraint on the programme.

Section 10 sizes what the buyback bought at the earnings line. The point for capital allocation is narrower: the diluted count fell 9.3% in the quarter and 9.5% in the half, and the full-year guidance holds the average at around 44 million, with the third-quarter figure guided at around 43 million. On the company's own numbers the count keeps falling through the second half.

Cash purchases of common stock in the cash flow statement are $286.4 million against the $282 million of repurchases described in the narrative, a difference of $4.4 million that the release does not reconcile. A separate $38.6 million was spent acquiring common stock for tax withholding obligations, which is not a repurchase under the programme and is not counted as one here.

10 · EARNINGS QUALITY

## Block H — the reported earnings growth of 43.3% resolves into a refund, a share count, a tax rate and a fall in operating income

| DILUTED EPS, THIRTEEN WEEKS | AMOUNT | BASIS |
|---|---|---|
| **Reported, fiscal 2026** | $4.17 | GAAP |
| **Less the IEEPA refund** | −$1.75 | the company's own per-share figure, at a 26% tax rate |
| **VGR basis, fiscal 2026** | $2.42 | underlying |
| **Prior year, adjusted non-GAAP** | $2.32 | the company's own figure |
| **Movement on the underlying basis** | +$0.10 | +4.3% |
| **Of which share count** | +$0.22 | the same net income on 48,551k rather than 44,051k shares |
| **Of which the business** | −$0.12 | the residual |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. The two components are VGR arithmetic and are bounded rather than exact: the underlying net income behind them is reconstructed by multiplying the company's rounded $2.42 by the disclosed diluted share count, which carries roughly half a million dollars of rounding. Both components keep their sign across the full width of that bound.

Underlying net income attributable to A&F was about $106.6 million against $112.8 million adjusted a year earlier, about 5.5% lower, while underlying earnings per share rose 4.3%. The share count is what separates the two. Two further lines below operating profit moved the same way. The effective tax rate fell to 28.7% from 31.4%; applying last year's rate to this year's pre-tax income would have cost about $7.1 million, or about $0.16 a share. Interest income rose $5.1 million to $8.2 million, worth about $0.09 a share after tax at the company's stated 26%, and the company notes that its refund estimates exclude accrued interest while its per-share estimates are inclusive of it. How much of the increase in interest income is refund interest is not disclosed.

### The half, without any reconstruction

The twenty-six weeks make the same point using only figures the company prints. Diluted earnings excluding the refund were $3.84 against $3.90 on the company's adjusted basis, 1.5% lower, after a 9.5% reduction in the diluted share count. Underlying operating income was $241.5 million against $269.6 million, 10.4% lower, and the underlying operating margin fell 155 basis points to 10.1%. Underlying EBITDA, on the company's own reconciliation with the refund removed, was $327.1 million against $345.6 million adjusted, 5.4% lower.

| TWENTY-SIX WEEKS, UNDERLYING | FY26 | FY25 ADJUSTED | MOVEMENT |
|---|---|---|---|
| **Operating income** | $241.5m | $269.6m | −10.4% |
| **Operating margin** | 10.1% | 11.7% | −155bp |
| **EBITDA** | $327.1m | $345.6m | −5.4% |
| **Diluted EPS** | $3.84 | $3.90 | −1.5% |
| **Diluted shares** | 44,864k | 49,592k | −9.5% |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Underlying removes the approximately $100 million refund from fiscal 2026 and uses the company's own adjusted non-GAAP prior year. VGR arithmetic.

11 · GUIDANCE AND THE IMPLIED REQUIREMENT

## Block I — the midpoint raise is 250 basis points and $2.75 a share, and the refund is most of both

| FULL YEAR FISCAL 2026 | CURRENT OUTLOOK | PREVIOUS, 27 MAY 2026 | MOVEMENT |
|---|---|---|---|
| **Net sales** | growth around 5% | growth 3% to 5% | |
| **IEEPA tariff refund impact** | around 220bp | none assumed | +220bp |

| FULL YEAR FISCAL 2026 | CURRENT OUTLOOK | PREVIOUS, 27 MAY 2026 | MOVEMENT |
|---|---|---|---|
| **Operating margin** | 14.5% to 15.0% | 12.0% to 12.5% | +250bp at midpoint |
| **Effective tax rate** | around 29% | around 30% | |
| **Net income per diluted share** | $13.10 to $13.60 | $10.20 to $11.00 | +$2.75 at midpoint |
| **Share repurchases** | at least $500m | around $450m | |
| **Diluted weighted-average shares** | around 44m | around 44m | |
| **Capital expenditure** | around $250m | around $225m | |
| **Net store openings** | around 30 | around 30 | |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. The company's own comparison, reproduced as printed. It states that the current outlook "replaces all previous full year guidance". Midpoint movements are VGR arithmetic.

The operating margin midpoint rises 250 basis points, from 12.3% to 14.8%. The company sizes the refund at around 220 basis points of that. On the same midpoints, the outlook excluding the refund is 12.6% against a previous 12.3%, so the underlying raise is 30 basis points and the refund is 88.0% of the movement. The earnings midpoint rises $2.75, from $10.60 to $13.35. The company sizes the full-year refund at $2.10 a share inclusive of interest, so the underlying raise is $0.65, or 6.1% on the previous midpoint, and the refund is 76.4% of the movement. On both measures the underlying raise is smaller than the headline raise.

The guidance also changes the tariff assumption: the outlook now reflects an effective 10.0% to 12.5% rate on goods imported into the United States for the remainder of the year, against 15% in May. Part of the underlying raise is therefore a lower assumed cost rather than a better trading assumption, and the release does not separate the two.

### The implied requirement

| IMPLIED BY THE COMPANY'S OWN RANGES | READING | BASIS |
|---|---|---|
| **Third quarter EPS excluding the refund** | $2.55 to $2.85 | guided $2.90 to $3.20 less the guided $0.35 |
| **Third quarter operating margin excluding the refund** | 11.4% to 12.4% | guided 13.0% to 14.0% less the guided 160bp |

| IMPLIED BY THE COMPANY'S OWN RANGES | READING | BASIS |
|---|---|---|
| **Refund remaining after the third quarter** | none | $2.10 full year, less $1.75 taken, less $0.35 guided |
| **Implied fourth quarter EPS** | $4.31 to $5.11 | full-year range less the reported $5.59 half and the guided third quarter |
| **Implied full-year net sales** | around $5,455m | the $120m refund divided by the 220bp the company assigns it; both inputs are rounded |
| **Implied second-half operating margin at midpoint** | around 15.1% | compounds the two rounded inputs above; an approximation, not a point estimate |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. VGR arithmetic on the company's own guided ranges and its reported half. The last two lines compound two figures the company rounds and are published as approximations. No figure the company has not given is stated as a point estimate.

On the company's guidance the fourth quarter carries no refund. On its own arithmetic the full-year benefit is $2.10 a share, $1.75 of it already taken and $0.35 guided for the third quarter, which leaves nothing for the fourth. The company's own ranges imply a fourth quarter of $4.31 to $5.11 a share on that basis. Against a first half in which underlying earnings per share fell 1.5% and underlying operating income fell 10.4%, that is the requirement the second half carries. The disclosure that would settle it is the third-quarter release, and then the fourth-quarter and full-year release: the figures to check are net income per diluted share against the guided range, and selling expense as a percentage of net sales.

12 · DISCLOSURE DELTA AND METRICS NOT REPORTED

## Block J — what the release adds, and what it does not carry

One disclosure is new. The quarterly tariff impact history gives expense and refund by quarter for fiscal 2025 and fiscal 2026, in dollars and in basis points, on both a total and a year-on-year basis. It is what makes the underlying margin in section 06 computable from this release alone. Two disclosures are named in the forward-looking statement factors without further detail: a "review of strategic alternatives for our APAC region", and recently implemented enterprise resource planning systems.

| METRIC | STATUS | CONSEQUENCE |
|---|---|---|
| **Gross profit and gross margin** | Not reported | constructed as net sales less cost of sales; not comparable with peers that load depreciation into cost of goods sold |
| **Allocation of the prior-year litigation settlement** | Not reported | prior-year selling expense and G&A cannot be restated individually |
| **Composition of the reported-to-comparable gap** | Not reported | space, remodels and closures cannot be separated |
| **Store count by brand, region or period** | Not reported | no estate productivity measure is possible |
| **Selling area** | Not reported | no sales density measure is possible |
| **Digital penetration and channel split** | Not reported | digital enters the comparable-sales definition but is never sized |
| **Marketing spend** | Not reported | named as an investment area in the chief executive's statement, never quantified |
| **Inventory units, ageing, markdown rate** | Not reported | the markdown cycle is not measurable |
| **Operating profit by segment or brand** | Not reported | no brand or regional margin exists in this release |
| **Interest attributable to the tariff refunds** | Not reported | interest income rose $5.1m; the refund share of it is not given |
| **Quarterly cash flow** | Not reported | the statement covers the twenty-six weeks only |
| **Prior-year full-year net sales** | Not in this release | the full-year growth guidance cannot be converted to dollars from this document alone |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Metrics are assessed against the VGR taxonomy. Absence is recorded as a disclosure finding; nothing has been estimated to fill a gap.

13 · THE COMPANY'S ACCOUNT, TESTED

## Block K — twelve claims tested against the disclosed figures

The claims register was built after the arithmetic was closed. Each claim is disposed of against the measurements in sections 02 to 12, not against another claim.

| CLAIM | DISPOSITION | TEST |
|---|---|---|
| **"Record second quarter net sales"** | Partially supported | $1,266.7m exceeds the prior-year quarter; the release prints no earlier second quarter, so the claim reaches further than this document evidences |
| **"15th consecutive quarter of growth"** | Not verifiable from the disclosure | the release prints two quarters; the claim requires fifteen |
| **"Growth was balanced across our brands and regions"** | The disclosed figures show a different weighting | reported growth is positive everywhere; comparable sales are −4% in EMEA and −3% at Hollister, which is 52.9% of group sales |
| **"accelerating momentum in the Americas"** | Not verifiable from the disclosure | one quarter of Americas growth is given; acceleration needs two |
| **"improving trends in EMEA"** | Not verifiable from the disclosure | EMEA comparable sales are −4% in the quarter reported |
| **"Both brands achieved record second quarter net sales"** | Partially supported | same limitation as the group claim; Hollister's record coincides with −3% comparable sales |
| **Margin and earnings "above our outlook, in excess of the tariff refunds benefit"** | Supported by the disclosed figures | guided around 10% and $1.80–$2.00; 12.1% and $2.42 excluding the refund both clear it |
| **"invest in the business across stores, digital, technology and marketing"** | Partially supported | selling expense +18.3%, G&A +16.8%, capital expenditure +10.6%; the composition is not disclosed |
| **"repurchasing 7% of shares outstanding"** | Supported by the disclosed figures | 3.2m shares for $282m; the diluted count fell 9.5% across the half |

| CLAIM | DISPOSITION | TEST |
|---|---|---|
| **"adding incremental growth levers across partnerships, distribution channels and product categories"** | Not verifiable from the disclosure | no partnership, channel or category is named, sized or dated |
| **"underpinned by double-digit operating margins"** | Supported by the disclosed figures | 14.5% to 15.0% guided, 12.6% at midpoint excluding the refund |
| **The outlook "replaces all previous full year guidance"** | Supported by the disclosed figures | the previous outlook is printed alongside it |

Source: Abercrombie & Fitch Co., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Claims are quoted from the release. Dispositions are VGR's, tested against sections 02 to 12.

Every claim that rests on a figure in this release is verified. Every claim that rests on a series longer than two periods, or on an initiative the release does not name, is not verifiable from the disclosure. One claim, that growth was balanced across brands and regions, meets the company's own comparable-sales column on the same page, and the disclosed figures show a different weighting.

14 · METHOD, SOURCES AND PRECISION REGISTER

## How this analysis was built

The primary source is Abercrombie & Fitch Co.'s second quarter fiscal 2026 results, filed with the Securities and Exchange Commission as Exhibit 99.1 to a Current Report on Form 8-K and distributed the same morning through GlobeNewswire. The filed exhibit was used. No press report, wire syndication, broker note, aggregator or analyst estimate was used at any point, and no figure in this document comes from the conference call or the results presentation, neither of which is a figure source under this methodology. For the revision of 30 September 2026 the headline figures and every figure edited were checked again against the filed release and against the company's quarterly report on Form 10-Q for the period, filed on 4 September 2026.

The source-figures file was written before any prose existed. Company-disclosed figures and VGR arithmetic are held in separate parts of it, the claims register was opened only after both were closed, and every derived figure is marked exact, bounded or not calculable. Percentages are computed on full precision and printed to one decimal place; basis points are printed whole. Where rounded components do not sum to a rounded total the residual is left visible and the table says so.

| DERIVED FIGURE | PRECISION | NOTE |
|---|---|---|
| **Net sales growth and every segment and brand rate** | Exact | arithmetic on two disclosed figures |
| **Contribution shares of growth** | Exact | segments and brands each sum to 100.0% |
| **Currency contribution** | Exact | the company's own reconciliation, 0.0pp |
| **Gross profit and gross margin** | Exact, non-standard basis | net sales less cost of sales exclusive of depreciation and amortisation |
| **Operating income and margin excluding the refund** | Exact on an approximate input | the company states the refund as approximately $100 million |
| **Q1 figures recovered by subtraction** | Exact | twenty-six weeks less thirteen weeks, both printed |
| **Underlying net income and the EPS decomposition** | Bounded | reconstructed from a rounded per-share figure; the sign holds across the bound |
| **Margin bridge in basis points** | Exact | components rounded individually, residual visible |
| **Implied fourth-quarter EPS** | Exact | on the company's own guided ranges and reported half |
| **Implied full-year and quarterly net sales** | Bounded | recovered from two figures the company rounds; published as approximations |
| **Space contribution to growth** | Not calculable | no store movement or selling area disclosed |
| **Sell-in and channel contribution** | Not calculable | no channel split disclosed |
| **Segment and brand margins** | Not calculable | no profit by segment or brand disclosed |
| **Days of inventory** | Not calculable | no average balance; cost of sales excludes D&A |
| **Refund interest inside interest income** | Not calculable | not separately disclosed |

VGR precision register. Exact means arithmetic on two disclosed numbers; bounded means both ends are stated and the central reading given; not calculable means the input is missing and no estimate has been substituted.

The working record for this analysis is the file "Abercrombie and Fitch_Q2 FY2026_Source_Figures.md", held with this document. It carries the primary source and its filing route, the reporting calendar in the company's own words, every disclosed figure organised by statement, every derived figure with its arithmetic written out, the claims register and the list of metrics not reported. Any figure in this analysis can be traced to that file and from there to the line of the primary source it came from.

## VGR | VERY GOOD RETAIL

Made with the supervision of Pau Almar

## METHODOLOGY

VGR standardised financial analysis methodology v5. Restatement before measurement; arithmetic before language; every finding names the disclosure that would settle it.
Revised 30 September 2026 to methodology v5; first published 27 August 2026.

## PRIMARY SOURCE

Abercrombie & Fitch Co. (a Delaware corporation; New York Stock Exchange ticker ANF; SEC Central Index Key 0001018840), ABERCROMBIE & FITCH CO. REPORTS SECOND QUARTER FISCAL 2026 RESULTS, reporting the thirteen and twenty-six weeks ended 1 August 2026 against the thirteen and twenty-six weeks ended 2 August 2025. Filed with the Securities and Exchange Commission as Exhibit 99.1 to a Current Report on Form 8-K and distributed the same morning through GlobeNewswire; the results presentation was posted to the Investors section of corporate.abercrombie.com at approximately 07:30 EDT and the conference call was held at 08:30 EDT. The condensed consolidated statements of operations, balance sheets and cash flows in the release are unaudited. Comparative figures are the prior-year columns printed in the release itself. The fiscal calendar convention, a 52/53-week year ending on the Saturday closest to 31 January, is the company's own as stated in its Annual Reports on Form 10-K, and reproduces the year end of 31 January 2026 that this release prints on its own balance sheet. No press report, wire syndication, broker note, aggregator or analyst estimate was used at any point.

## WORKING RECORD

Abercrombie and Fitch_Q2 FY2026_Source_Figures.md, written before any prose existed, with company-disclosed figures and VGR-derived arithmetic in separate parts, a claims register opened only after both were closed, and a precision register marking every derived figure exact, bounded or not calculable. Figures in United States dollars as published; nothing converted. The disclosure limitations recorded in section 12 are set out there in full.

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