



AEO INC.

THIRD QUARTER 2022 Investor Presentation



# Safe Harbor Statement Under The Private Securities Litigation Reform Act Of 1995

This release and related statements by management contain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), which represent our expectations or beliefs concerning future events, including fourth quarter and fiscal year 2022 results. All forward-looking statements made by the company involve material risks and uncertainties and are subject to change based on many important factors, some of which may be beyond the company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "potential," and similar expressions may identify forward-looking statements. Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise and 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 the risks disclosed in Item 1A., Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended January 29, 2022 and in any other filings that we may make with the Securities and Exchange Commission in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results for fiscal 2022 and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this release or otherwise made by management: the negative impacts of the COVID-19 pandemic and related operational disruptions; the risk that the company's operating, financial and capital plans may not be achieved; our inability to anticipate customer demand and changing fashion trends and to manage our inventory commensurately; seasonality of our business; our inability to achieve planned store financial performance; our inability to react to raw material cost, labor and energy cost increases; our inability to gain market share in the face of declining shopping center traffic; our inability to respond to changes in e-commerce and leverage omni-channel demands; our inability to expand internationally; difficulty with our international merchandise sourcing strategies; challenges with information technology systems, including safeguarding against security breaches; and global economic, public health, social, political and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits, which could have a material adverse effect on our business, results of operations and liquidity.

# Non-GAAP Measures

This presentation includes information on non-GAAP financial measures ("non-GAAP" or "adjusted"), including consolidated adjusted earnings per share, excluding non-GAAP items. These financial measures are not based on any standardized methodology prescribed by U.S. generally accepted accounting principles ("GAAP") and are not necessarily comparable to similar measures presented by other companies. Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. Management believes that this non-GAAP information is useful for an alternate presentation of the company's performance, when reviewed in conjunction with the company's GAAP consolidated financial statements, as it helps identify underlying trends in our business that could otherwise be masked by the effect of the items that we exclude in such non-GAAP measures. Accordingly, we believe that adjusted operating income provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to the key financial metrics used by our management in our financial and operational decision-making.



A photograph of two women walking on a beach at sunset. The woman in the foreground is wearing a blue and black plaid jacket and a matching bucket hat. The woman behind her is wearing a brown, blue, and red striped sweater and a white knit beanie. They are both smiling and appear to be enjoying their walk. The background shows the ocean, waves, and large rock formations under a warm, golden sky.

# Third Quarter Fiscal 2022 Results

Third quarter results ahead of expectations with meaningful margin improvement from the First Half

Aerie achieves all-time high third quarter revenue and operating profit

Operating profit of \$118 million exceeded pre-pandemic third quarter 2019 levels

Total net revenue was down 3%, including 2 percentage points from our supply chain business

"I'm pleased to deliver a third quarter that exceeded our expectations, with profit margins meaningfully improved from the first half of the year. Bold actions to rationalize inventory and reduce expenses are paying off. Our inventory is in good shape, up 8% to last year, with progress continuing into the fourth quarter. We are staying disciplined and focused on improving profitability and cash flow, while maintaining a healthy balance sheet," commented Jay Schottenstein, AEO's Executive Chairman of the Board and Chief Executive Officer.

"As we navigate the current macro environment, we remain focused on our strategic initiatives — leading with innovation and judiciously investing in capabilities that will differentiate us in the long-run. Our organization is strong and I have tremendous confidence in the resilience of our brands. We are excited about upcoming merchandise collections and look forward to delivering an exceptional customer experience across brands and channels this holiday season."



**Jay Schottenstein**

AEO's Executive Chairman of the Board and Chief Executive Officer

## Key Highlights *(unaudited)*

THIRD QUARTER	2022	2021
TOTAL NET REVENUE CHANGE	(3)%	24%
GROSS MARGIN	38.7%	44.3%
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	25.1%	24.6%
ADJUSTED OPERATING MARGIN	9.5%	16.5%
ADJUSTED EPS <sup>(1)</sup>	\$0.42	\$0.76

(1) Third Quarter 2021 results shown are on a non-GAAP basis and exclude certain charges for all periods presented. See accompanying table for a reconciliation of GAAP to non-GAAP results.

## Inventory Data *(unaudited)*

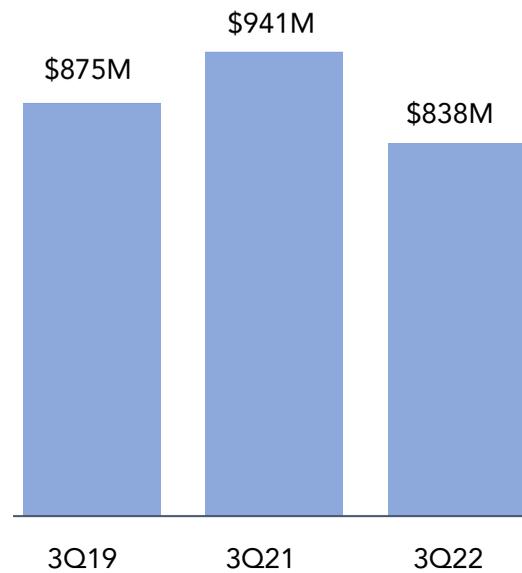
<i>(in thousands)</i>	October 29, 2022	October 30, 2021
ENDING INVENTORY	\$797,731	\$739,808
ENDING INVENTORY % CHANGE TO PRIOR YEAR	8%	32%
QUARTERLY INVENTORY TURN <sup>(1)</sup>	1.02	1.14

(1) Inventory turn is calculated as the total GAAP cost of goods sold for the quarterly periods divided by the straight average of the beginning and ending inventory balances from the consolidated balance sheets.

# Third Quarter Net Revenue

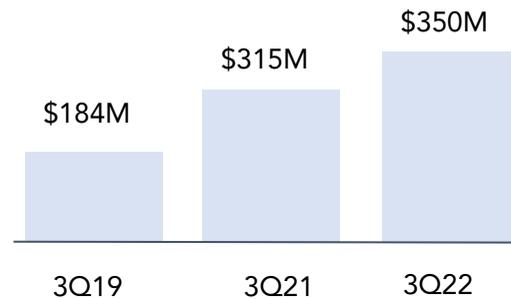
Total Company Revenue Down 3% YOY; Stores Revenue Down 4%; Digital Revenue Down 5%

## AMERICAN EAGLE



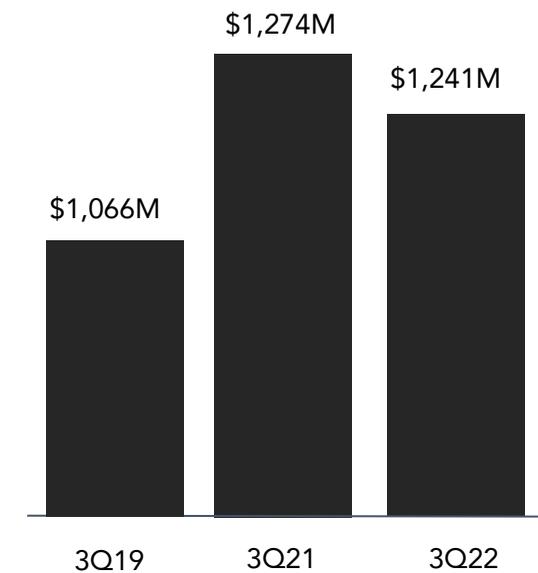
Net Revenue Down 11% YOY

## AERIE



Net Revenue Up 11% YOY

## TOTAL AEO



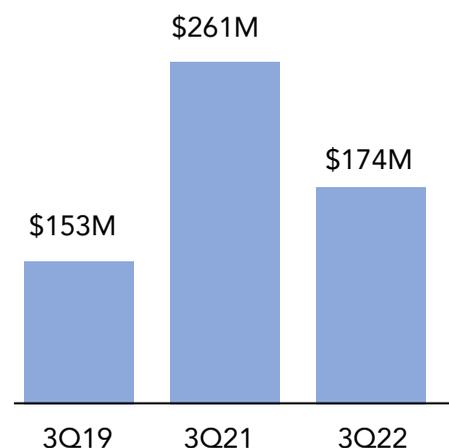
Net Revenue Down 3% YOY  
Brand Revenue Down 5% YOY

# Third Quarter Operating Income

Total Company Operating Income of \$118M

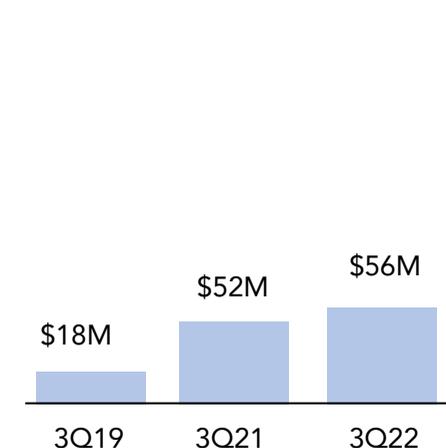
## AMERICAN EAGLE

Operating Margin  
20.8%

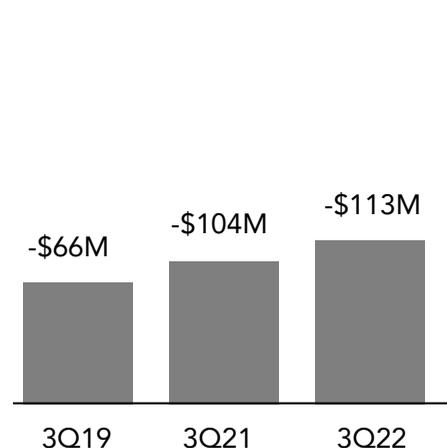


## AERIE

Operating Margin  
16.2%

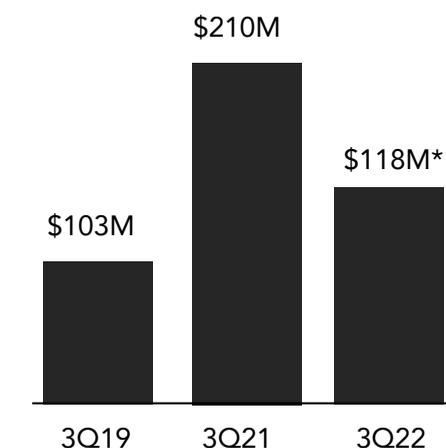


## CORPORATE AND OTHER<sup>1</sup>



## TOTAL AEO

Operating Margin  
9.5%



\*Includes a \$10M loss from Quiet Platforms

(1) Corporate and Other includes revenue and operating results of the Todd Snyder and Unsubscribed brands and Quiet Platforms (net of intersegment eliminations), which have been identified as operating segments but are not material to disclose as separate reportable segments. Corporate operating costs represents certain costs that are not directly attributable to another reportable segment.

# Outlook

For the fourth quarter, the company is guiding brand revenue down in the mid single digits, and expects brand comps to be consistent with the third quarter.

The company is also guiding fourth quarter gross margin in the range of 32% to 33%, at the higher end of previous guidance, of low 30%. While significant progress has been made in right-sizing inventory, management is taking a cautious view given what is likely to be a highly promotional Holiday season.

Management continues to drive expense reductions across store payroll, corporate expense, professional services and advertising. The company remains on track to deliver \$100 million in reductions to the original plan and expect SG&A dollars in the fourth quarter to be approximately flat to last year.

# Results by Segment (Dollars in Thousands) *(unaudited)*

<b>13 weeks ended October 29, 2022</b>	<b>American Eagle</b>	<b>Aerie</b>	<b>Corporate and Other (1)</b>	<b>Total</b>
Total net revenue	\$ 837,575	\$ 349,712	\$ 53,296	\$ 1,240,583
Operating income (loss)	\$ 174,129	\$ 56,487	\$ (113,068)	\$ 117,548
% of revenue	20.8%	16.2%		9.5%
Capital expenditures	\$ 20,477	\$ 24,404	\$ 26,626	\$ 71,507

<b>13 weeks ended October 30, 2021</b>	<b>American Eagle</b>	<b>Aerie</b>	<b>Corporate and Other (1)</b>	<b>Total</b>
Total net revenue	\$ 940,992	\$ 315,049	\$ 18,037	\$ 1,274,078
Operating income (loss)	\$ 261,225	\$ 52,021	\$ (103,559)	\$ 209,687
% of revenue	27.8%	16.5%		16.5%
Capital expenditures	\$ 13,298	\$ 24,867	\$ 20,036	\$ 58,201

(1) Corporate and Other includes revenue and operating results of the Todd Snyder and Unsubscribed brands, and Quiet Platforms (net of intersegment eliminations), which have been identified as operating segments but are not material to disclose as separate reportable segments. Corporate operating costs represents certain costs that are not directly attributable to another reportable segment.

# Statement of Operations Summary-GAAP Basis *(unaudited)*

<b>13 Weeks Ended <i>(In thousands)</i></b>	<b>October 29, 2022</b>	<b>% of Revenue</b>	<b>October 30, 2021</b>	<b>% of Revenue</b>
Total net revenue	\$ 1,240,583	100.0%	\$ 1,274,078	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	760,810	61.3%	709,554	55.7%
Gross profit	479,773	38.7%	564,524	44.3%
Selling, general and administrative expenses	311,101	25.1%	313,890	24.6%
Depreciation and amortization expense	51,124	4.1%	40,947	3.2%
Operating income	117,548	9.5%	209,687	16.5%
Interest expense, net	3,878	0.3%	8,612	0.7%
Other expense (income), net	782	0.1%	(3,130)	-0.2%
Income before income taxes	112,888	9.1%	204,205	16.0%
Provision for income taxes	31,616	2.5%	51,981	4.1%
Net income	\$ 81,272	6.6%	\$ 152,224	11.9%
Net income per basic share	\$ 0.44		\$ 0.91	
Net income per diluted share	\$ 0.42		\$ 0.74	
Weighted average common shares outstanding - basic	186,305		167,637	
Weighted average common shares outstanding - diluted	195,776		205,013	

# GAAP to Non-GAAP Reconciliation

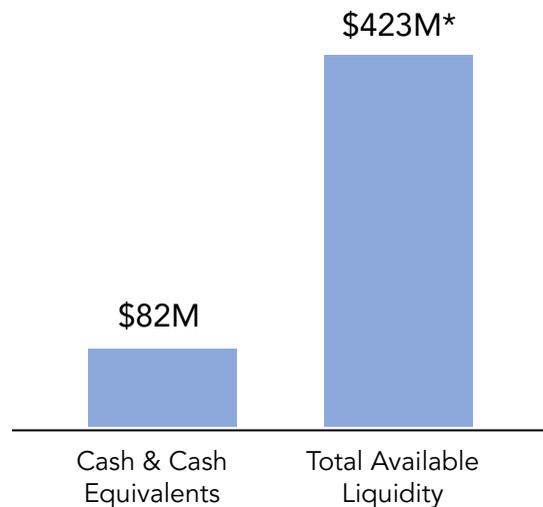
<b>13 Weeks Ended October 30, 2021</b> <i>(In thousands, except per share amounts)</i>	<b>Interest expense, net</b>		<b>Net income</b>		<b>Diluted earnings per common share</b>	
<b>GAAP Basis</b>	\$	<b>8,612</b>	\$	<b>152,224</b>	\$	<b>0.74</b>
<i>% of Revenue</i>		<i>0.7%</i>		<i>11.9%</i>		
Less: Convertible debt (1)		4,569		3,330		0.02
<b>Non-GAAP Basis</b>	\$	<b>4,043</b>	\$	<b>155,554</b>	\$	<b>0.76</b>
<i>% of Revenue</i>		<i>0.3%</i>		<i>12.2%</i>		

(1) Amortization of the non-cash discount on the Company's convertible notes

A photograph of four young women standing outdoors in a grassy area with trees and a house in the background. They are all smiling and laughing. The woman on the far left is wearing a pink sweater and a green and white plaid bucket hat. The woman next to her is wearing a green turtleneck sweater and a green and white plaid shirt tied around her waist. The woman in the center is wearing a light green top and a white knitted cardigan. The woman on the far right is wearing a red sweater and a white beanie. The overall mood is joyful and casual.

# Liquidity and Capital Allocation

## 3Q22 LIQUIDITY



\*Includes \$341M in net credit available

## Long-Term Capital Allocation Priorities

- 1 Investments to Fuel Aerie's Growth & Build Capabilities
- 2 Preserving Balance Sheet Strength
- 3 Direct Shareholder Returns through a combination of dividends and share repurchases

### Cash Returned to Shareholders *(unaudited)*

<i>(In millions, except per share amounts)</i>	THIRD QUARTER ENDED		YTD THIRD QUARTER ENDED	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Cash used for share repurchases	\$ -	\$ -	\$ 200.0	\$ -
Number of shares repurchased	-	-	17.0	-
Cash used for regular quarterly dividends	\$ -	\$ 30.4	\$ 64.8	\$ 83.6
Total dividends per share	\$ -	\$ 0.180	\$ 0.360	\$ 0.498
<b>Total cash returned to shareholders</b>	<b>\$ -</b>	<b>\$ 30.4</b>	<b>\$ 264.8</b>	<b>\$ 83.6</b>

# Balance Sheet Summary *(unaudited)*

<b>ASSETS</b> <i>(In thousands)</i>	<b>October 29, 2022</b>	<b>January 29, 2022</b>	<b>October 30, 2021</b>
Cash and cash equivalents	\$ 82,133	\$ 434,770	\$ 740,668
Merchandise inventory	797,731	553,458	739,808
Accounts receivable, net	250,879	286,683	228,461
Prepaid expenses and other	146,362	122,013	66,593
<b>Total current assets</b>	<b>1,277,105</b>	<b>1,396,924</b>	<b>1,775,530</b>
Operating lease right-of-use assets	1,148,832	1,193,021	1,148,108
Property and equipment, at cost, net of accumulated depreciation	789,809	728,272	665,408
Goodwill, net	271,209	271,416	16,389
Intangible assets, net	96,530	102,701	52,943
Non-current deferred income taxes	34,135	44,167	57,753
Other assets	54,857	50,142	33,884
<b>Total assets</b>	<b>\$ 3,672,477</b>	<b>\$ 3,786,643</b>	<b>\$ 3,750,015</b>
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b> <i>(In thousands)</i>	<b>October 29, 2022</b>	<b>January 29, 2022</b>	<b>October 30, 2021</b>
Accounts payable	\$ 188,448	\$ 231,782	\$ 314,561
Current portion of operating lease liabilities	332,160	311,005	299,693
Unredeemed gift cards and gift certificates	47,531	71,365	42,070
Accrued compensation and payroll taxes	36,436	141,817	123,588
Accrued income taxes and other	13,056	16,274	33,570
Other current liabilities and accrued expenses	67,799	70,628	56,090
<b>Total current liabilities</b>	<b>685,430</b>	<b>842,871</b>	<b>869,572</b>
Non-current operating lease liabilities	1,089,710	1,154,481	1,123,681
Long-term debt, net	411,911	341,002	336,249
Other non-current liabilities	22,894	24,617	23,816
<b>Total non-current liabilities</b>	<b>1,524,515</b>	<b>1,520,100</b>	<b>1,483,746</b>
Commitments and contingencies	-	-	-
Preferred stock	-	-	-
Common stock	2,496	2,496	2,496
Contributed capital	389,726	636,355	627,264
Accumulated other comprehensive loss	(41,267)	(40,845)	(39,049)
Retained earnings	2,080,852	2,203,772	2,185,393
Treasury stock	(969,275)	(1,378,106)	(1,379,407)
<b>Total stockholders' equity</b>	<b>1,462,532</b>	<b>1,423,672</b>	<b>1,396,697</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,672,477</b>	<b>\$ 3,786,643</b>	<b>\$ 3,750,015</b>
Current ratio	1.86	1.66	2.04



A woman wearing a bright red knit beanie, dark sunglasses, and a blue and white sweater is smiling broadly while leaning out of the open window of a light-colored vehicle. Her hands are resting on the window frame. In the background, another woman with blonde hair and sunglasses is visible inside the vehicle, looking towards the camera. The scene is set outdoors in bright daylight.

# Real Estate Highlights

## 3Q Real Estate Summary *(unaudited)*

Consolidated stores at beginning of period	1,160
Consolidated stores opened during the period	
AE BRAND <sup>(2)</sup>	8
Aerie (incl. OFFLINE) <sup>(3)</sup>	16
Todd Snyder	-
Unsubscribed	-
Consolidated stores closed during the period	
AE BRAND <sup>(2)</sup>	(5)
Aerie (incl. OFFLINE) <sup>(3)</sup>	-
Consolidated stores at end of period	1,179
AE BRAND <sup>(2)</sup>	876
Aerie stand-alone (incl. OFFLINE) <sup>(3)</sup>	292
Todd Snyder	6
Unsubscribed	5
 Total gross square footage at end of period <i>[In Thousands]</i>	 7,309
 International licensed locations at end of period <sup>(1)</sup>	 261

(1) International license locations (retail stores and concessions) are not included in the consolidated store data or the total gross square footage calculation.

(2) AE Brand includes AE stand alone locations, AE/Aerie side-by side locations, AE/OFFL/NE side-by-side locations, and AE/Aerie/Offl/ne side-by-side locations.

(3) Aerie (incl. OFFL/NE) includes Aerie stand alone locations, OFFL/NE stand alone locations, and Aerie/OFFL/NE side-by-side locations.

# Historical Quarterly Store Data by Brand *(unaudited)*

	Store Counts																Sqft By Brand(2)	
	AE SA		Aerie SA		Off/line SA		AE / Aerie SBS		AE / Off/line SBS		AE / Aerie / Off/line SBSBS		Aerie / Off/line SBS		Total Stores (1)		AE	Aerie & Off/line
	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	End Store Count	Weighted Gross Square Feet	Weighted Gross Square Feet	Weighted Gross Square Feet
<b>FY2019</b>																		
1Q19	785	4,875,024	119	446,170	-	-	151	1,172,404	-	-	-	-	-	-	1,061	6,511,508	5,757,522	748,807
2Q19	781	4,982,495	131	470,538	-	-	158	1,363,891	-	-	-	-	-	-	1,075	6,830,468	6,022,181	803,108
3Q19	775	4,914,297	142	510,574	-	-	170	1,479,306	-	-	-	-	-	-	1,094	6,918,661	6,044,236	868,675
4Q19	766	4,857,895	148	546,624	-	-	174	1,515,532	-	-	-	-	-	-	1,095	6,935,991	5,991,896	937,916
<b>FY2020</b>																		
1Q20	767	4,852,895	148	560,190	-	-	175	1,539,215	-	-	-	-	-	-	1,093	6,958,479	5,998,426	953,873
2Q20	760	4,800,204	160	576,479	-	-	175	1,545,014	-	-	-	-	-	-	1,098	6,927,876	5,949,580	971,609
3Q20	758	4,795,476	166	619,454	1	275	177	1,554,830	-	-	-	-	-	-	1,105	6,978,215	5,951,599	1,019,337
4Q20	722	4,571,986	171	651,258	4	9,051	178	1,566,771	1	7,060	-	-	-	-	1,078	6,814,668	5,740,150	1,067,239
<b>FY2021</b>																		
1Q21	713	4,524,654	174	667,658	5	10,898	177	1,595,290	1	7,423	-	-	-	-	1,074	6,814,239	5,702,752	1,103,207
2Q21	711	4,505,846	186	704,611	5	13,608	182	1,622,470	1	7,423	-	-	-	-	1,090	6,865,434	5,709,478	1,144,492
3Q21	716	4,530,387	203	749,207	8	15,289	181	1,628,785	1	7,423	-	-	5	17,998	1,121	6,961,748	5,735,321	1,213,811
4Q21	695	4,404,621	212	819,078	20	42,670	181	1,624,673	2	13,240	2	32,982	12	54,792	1,133	7,001,905	5,620,294	1,361,398
<b>FY2022</b>																		
1Q22	689	4,376,087	217	851,913	19	56,185	185	1,639,209	2	16,236	2	38,190	18	124,486	1,141	7,105,875	5,619,427	1,464,808
2Q22	686	4,360,553	224	878,365	31	74,868	183	1,629,930	2	16,236	3	38,500	21	138,152	1,160	7,144,146	5,573,736	1,544,487
3Q22	685	4,359,004	233	903,525	33	96,075	186	1,648,257	2	16,236	3	41,323	26	175,466	1,179	7,268,188	5,603,096	1,636,790

(1) Total Stores includes Todd Snyder and Unsubscribed

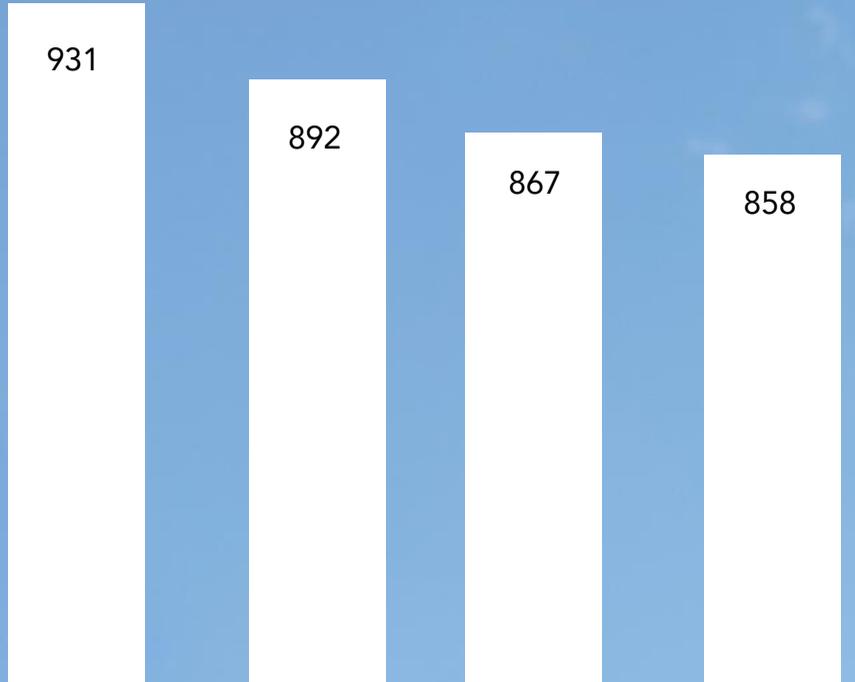
(2) Square Footage by Brand has been restated to allocate Aerie and OFFLINE square footage within AE SBS stores to the Aerie brand.

# AE North America Store Footprint

88 net store closures since FY19, reflecting a 10% reduction in square footage

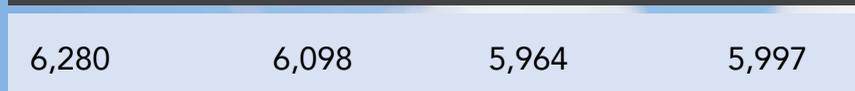
## NORTH AMERICAN STORES

FY19      FY20      FY21      Q3 22



## Weighted Average Square Footage

FY19      FY20      FY21      Q3 22



North America includes stores in the U.S., Canada and Mexico

# Historical Financials



# Historical Financial Information - GAAP Basis *(unaudited)*

(In thousands, except per share amounts and store counts)	Fiscal 2021								Fiscal 2022			
	2018	2019	2020	Q1	Q2	Q3	Q4	2021	Q1	Q2	Q3	2022
Total net revenue	\$ 4,035,720	\$ 4,308,212	\$ 3,759,113	\$ 1,034,614	\$ 1,194,156	\$ 1,274,078	\$ 1,507,937	\$ 5,010,785	\$ 1,055,037	\$ 1,198,124	\$ 1,240,583	\$ 3,493,745
Cost of sales, including certain buying, occupancy and warehousing expenses	2,548,082	2,785,911	2,610,966	598,424	691,765	709,554	1,019,252	3,018,995	667,011	828,107	760,810	2,255,929
Gross profit	1,487,638	1,522,301	1,148,147	436,190	502,391	564,524	488,685	1,991,790	388,026	370,017	479,773	1,237,816
Selling, general and administrative expenses	980,610	1,029,412	977,264	264,492	293,939	313,890	349,680	1,222,000	298,755	307,832	311,101	917,687
Impairment, restructuring and COVID-19 related charges	1,568	80,494	279,826	-	-	-	11,944	11,944	-	-	-	-
Depreciation and amortization expense	168,331	179,050	162,402	38,271	40,456	40,947	47,107	166,781	47,369	48,171	51,124	146,664
Operating income (loss)	337,129	233,345	(271,345)	133,427	167,996	209,687	79,954	591,065	41,902	14,014	117,548	173,465
Debt related charges	-	-	-	-	-	-	-	-	-	60,066	-	60,066
Interest (income) expense, net	(3,492)	(6,202)	24,610	8,506	8,921	8,612	8,595	34,632	4,588	3,421	3,878	11,887
Other (income) expense, net	(4,479)	(5,731)	(3,682)	(1,860)	(1,363)	(3,130)	3,865	(2,489)	(4,444)	(1,839)	782	(5,501)
Income (loss) before income taxes	345,100	245,278	(292,273)	126,781	160,438	204,205	67,494	558,922	41,758	(47,634)	112,888	107,013
Provision (benefit) for income taxes	83,198	54,021	(82,999)	31,318	38,927	51,981	17,066	139,293	10,018	(5,168)	31,616	36,466
Net income (loss)	\$ 261,902	\$ 191,257	\$ (209,274)	\$ 95,463	\$ 121,511	\$ 152,224	\$ 50,428	\$ 419,629	\$ 31,740	\$ (42,466)	\$ 81,272	\$ 70,547
Net income (loss) per basic share	\$ 1.48	\$ 1.13	\$ (1.26)	\$ 0.57	\$ 0.73	\$ 0.91	\$ 0.30	\$ 2.50	\$ 0.19	\$ (0.24)	\$ 0.44	\$ 0.39
Net income (loss) per diluted share (1)	\$ 1.47	\$ 1.12	\$ (1.26)	\$ 0.46	\$ 0.58	\$ 0.74	\$ 0.25	\$ 2.03	\$ 0.16	\$ (0.24)	\$ 0.42	\$ 0.36
Weighted average common shares outstanding - basic	176,476	169,711	166,455	167,257	167,491	167,637	167,611	168,156	168,460	180,189	186,305	178,637
Weighted average common shares outstanding - diluted	178,035	170,867	166,455	206,562	208,933	205,013	203,388	206,529	219,742	180,189	195,776	207,499
Comparable sales (2) (3)	8%	3%	Not provided	Not provided	32%	20%	13%	30%	-5%	-9%	-9%	-8%
American Eagle brand comparable sales	5%	0%	Not provided	Not provided	39%	21%	11%	35%	-7%	-10%	-10%	-9%
Aerie brand comparable sales	29%	20%	Not provided	Not provided	25%	18%	17%	27%	-2%	-6%	-3%	-4%
Total revenue growth (2)	6%	7%	-13%	88%	35%	24%	17%	33%	2%	0%	-3%	0%
American Eagle brand revenue growth (4)	Not provided	3%	-21%	86%	35%	21%	11%	30%	-6%	-8%	-11%	-8%
Aerie brand revenue growth (4)	Not provided	28%	24%	92%	34%	28%	27%	39%	8%	11%	11%	10%
Total store count - end of period	1,055	1,095	1,078	1,074	1,090	1,121	1,133	1,133	1,141	1,160	1,179	1,179
Weighted gross square feet - end of period	6,638	6,800	6,739	6,814	6,865	6,962	7,002	6,790	7,106	7,144	7,268	7,199

(1) In Q1 2022, the Company adopted ASU 2020-06 under the modified retrospective method, which requires the Company to utilize the "if-converted" method of calculated diluted EPS.

(2) Comparable sales includes results from Todd Snyder and Unsubscribed brands. Total revenue growth includes results from Todd Snyder and Unsubscribed brands and Quiet Platforms.

(3) Comparable sales are calculated for stores and channels open at least one year over the comparable prior year period. In fiscal years following those with 53 weeks, the prior year period is shifted by one week to compare similar calendar weeks. A store is included in comparable sales in the thirteenth month of operation. However, stores that have a gross square footage change of 25% or greater due to a remodel are removed from the comparable sales base, but are included in total sales. These stores are returned to the comparable sales base in the thirteenth month following the remodel. Sales from American Eagle, Aerie, Todd Snyder, and Unsubscribed stores, as well as sales from AEO Direct and other digital channels, are included in total comparable sales. The Company did not provide comparable sales results for fiscal 2020 and first quarter fiscal 2021 due to temporary store closures as a result of COVID-19.

(4) Prior to fiscal 2018, the Company did not disclose segment information; therefore, growth compared to the prior year is unavailable for fiscal 2018.

# Historical Adjusted Operating Income Reconciliation *(unaudited)*

<i>(In thousands)</i>	Fiscal 2021								Fiscal 2022			
	2018	2019	2020 <sup>(4)</sup>	Q1 <sup>(4)</sup>	Q2 <sup>(4)</sup>	Q3 <sup>(4)</sup>	Q4 <sup>(4)</sup>	2021 <sup>(4)</sup>	Q1	Q2 <sup>(5)</sup>	Q3	2022 <sup>(5)</sup>
Operating income (loss) - As reported	\$ 337,129	\$ 233,345	\$ (271,345)	\$ 133,427	\$ 167,996	\$ 209,687	\$ 79,954	\$ 591,065	\$ 41,902	\$ 14,014	\$ 117,548	\$ 173,465
% of Revenue	8.4%	5.4%	-7.2%	12.9%	14.1%	16.5%	5.3%	11.8%	4.0%	1.2%	9.5%	5.0%
Long-lived asset impairment charges <sup>(1)</sup>	-	66,252	249,163	-	-	-	11,944	11,944	-	-	-	-
Incremental COVID-19 related expenses <sup>(2)</sup>	-	-	26,930	-	-	-	-	-	-	-	-	-
Severance and related employee costs	1,568	6,691	3,733	-	-	-	-	-	-	-	-	-
Joint business venture exit charges	-	4,194	-	-	-	-	-	-	-	-	-	-
Japan market transition costs	-	1,814	-	-	-	-	-	-	-	-	-	-
China restructuring <sup>(3)</sup>	-	1,543	-	-	-	-	-	-	-	-	-	-
Operating income (loss) - Adjusted	\$ 338,698	\$ 313,839	\$ 8,481	\$ 133,427	\$ 167,996	\$ 209,687	\$ 91,898	\$ 603,009	\$ 41,902	\$ 14,014	\$ 117,548	\$ 173,465
% of Revenue	8.4%	7.3%	0.2%	12.9%	14.1%	16.5%	6.1%	12.0%	4.0%	1.2%	9.5%	5.0%

<sup>(1)</sup> In fiscal 2021, the Company recorded impairment charges of \$11.9 million primarily related to store property and equipment and operating lease ROU assets. In fiscal 2020, the Company recorded impairment charges of \$249.2 million. Included in this amount are retail store impairment charges of \$203.2 million, of which \$154.8 million relates to operating lease ROU assets and \$48.4 million relates to store property and equipment (fixtures and equipment and leasehold improvements). We also recorded \$28.0 million related to the impairment of certain corporate property and equipment, as well as \$18.0 million of certain cost and equity method investments. In fiscal 2019, the Company recorded asset impairment charges of \$64.5 million on the assets of 20 retail stores. Of the total, \$39.5 million related to the impairment of leasehold improvements and store fixtures, and \$25.0 million related to the impairment of operating lease ROU assets. The Company also concluded that certain goodwill was impaired resulting in a \$1.7 million charge in fiscal 2019.

<sup>(2)</sup> Incremental COVID-19 related expenses consisted of personal protective equipment and supplies for our associates and customers.

<sup>(3)</sup> Pre-tax corporate restructuring charges of \$1.5 million, primarily consisted of severance and closure costs for our company-owned and operated stores in China recorded in the first quarter of fiscal 2019.

<sup>(4)</sup> GAAP results for fiscal 2020 and 2021 included the amortization of the non-cash discount on the 2025 Notes, which was recorded below Operating income (loss) prior to the adoption of ASU 2020-06.

<sup>(5)</sup> GAAP results for Q2 2022 and YTD 2022 included \$60.1 million of pre-tax debt related charges related primarily to the induced conversion expense relating to the Note Exchange, along with certain other costs related to actions taken to strengthen our capital structure, which was recorded below Operating income (loss).

# AEO Continues to Make Great Progress on ESG Initiatives



For more details on our progress, strategy and goals, please see [\*\*Our Inaugural ESG Report\*\*](#)



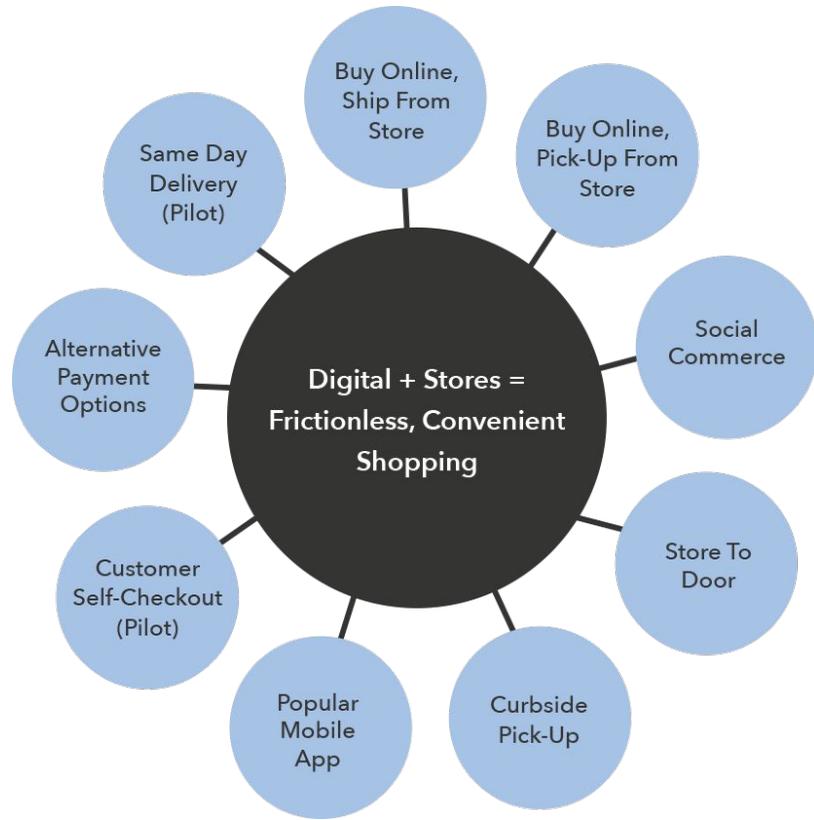
REAL Power.  
REAL Growth.  
Value Creation Plan



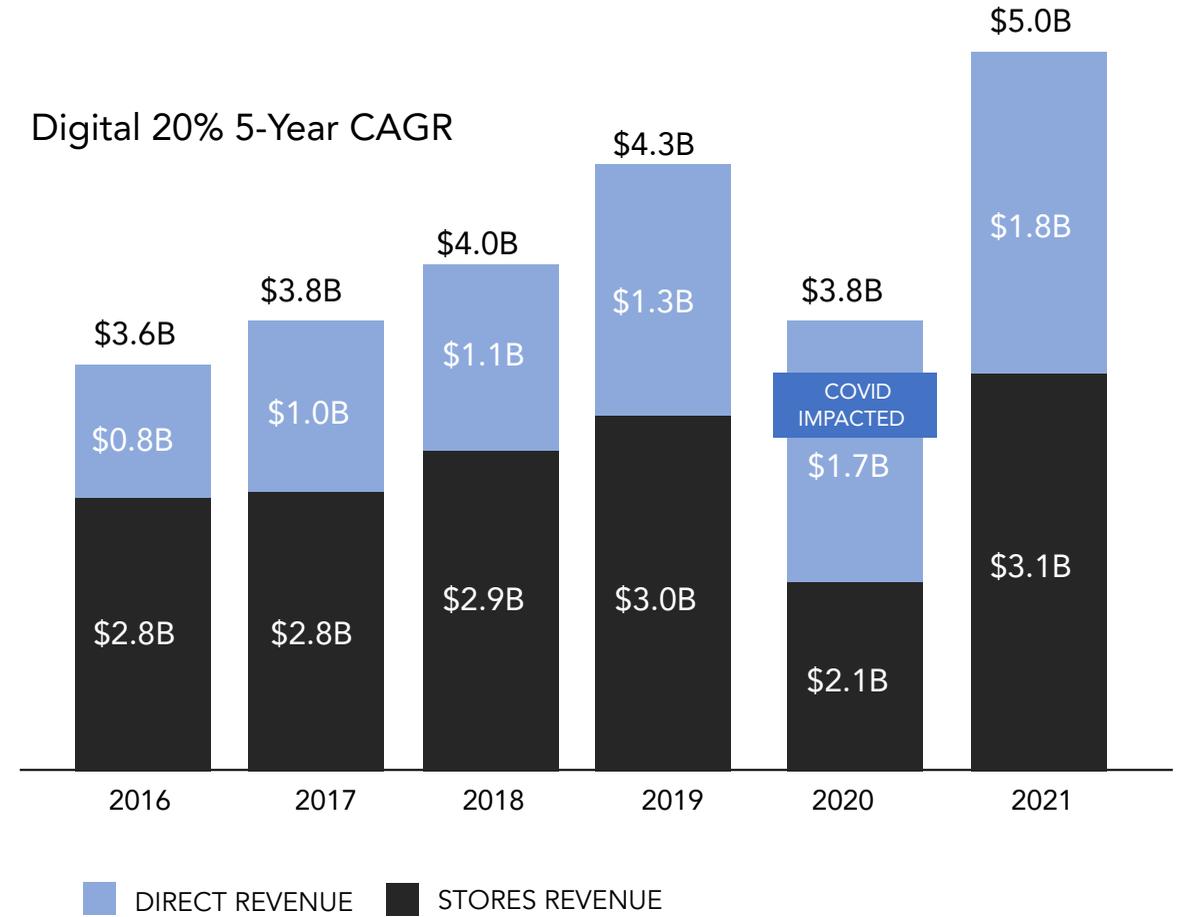
Fueled by optimism, our brands are designed to empower our customers to be their real, authentic selves.



# Customer Centric Omni Channel Retailer With Growing Digital Presence



Digital 20% 5-Year CAGR



3Q22 DIGITAL PENETRATION

AMERICAN EAGLE ~30%

AERIE ~40%

# Value Creation Plan

---

- Grow Aerie to \$2 Billion+ in Revenue
- Drive Sustained Profitable Growth at American Eagle
- Leverage Customer-Focused Capabilities
- Strengthen ROI Discipline
- Power of People, Culture and Purpose

## Aerie's Roadmap to \$2 Billion+ in Revenue

---

- 1 Winning in Intimates & Lounge
- 2 Activewear Product Extension
- 3 Market Expansion
- 4 New Customer Acquisition

## Drive Sustained Profitable Growth at American Eagle

---

- 1 Refresh Brand DNA
- 2 Complete The Outfit
- 3 Optimize Inventory
- 4 Right-Size Store Footprint



AEO INC.