



AEO INC.

THIRD QUARTER 2023 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, fiscal year 2023 and fiscal year 2024 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 28, 2023 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 2023 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 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.

Third Quarter Fiscal 2023 Results

Record third quarter revenue of \$1.3 billion, up 5% to last year, with growth across brands and channels.

Operating profit of \$125 million, up to last year; Second highest since 2012.

Aerie posted all-time high third quarter revenue and operating margin; Comparable sales up 12% to last year.

American Eagle revenue and comparable sales up 2% to last year, reflecting continued sequential improvement in trends.

Continued progress on profit improvement initiatives.

“I am pleased with our third quarter results which demonstrated the strength of our brands and reflected continued progress on our growth and profit improvement initiatives. Our strategic priorities, underpinned by our customer-first focus and commitment to operational excellence, are propelling us forward.

Momentum has continued across the business into the fourth quarter, driven by strong holiday assortments, engaging marketing campaigns and solid execution, supporting our improved outlook for the rest of the year. Looking ahead, we remain focused on advancing our long-term strategic priorities as we seek to create consistent growth across our portfolio of brands and generate efficiencies for improved profit flow-through. We are set up to deliver on both in 2024.”



Jay Schottenstein

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



Key Highlights *(unaudited)*

THIRD QUARTER	2023	2022
TOTAL NET REVENUE CHANGE	5%	-3%
GROSS MARGIN	41.8%	38.7%
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	27.8%	25.1%
OPERATING MARGIN	9.6%	9.5%

Inventory Data *(unaudited)*

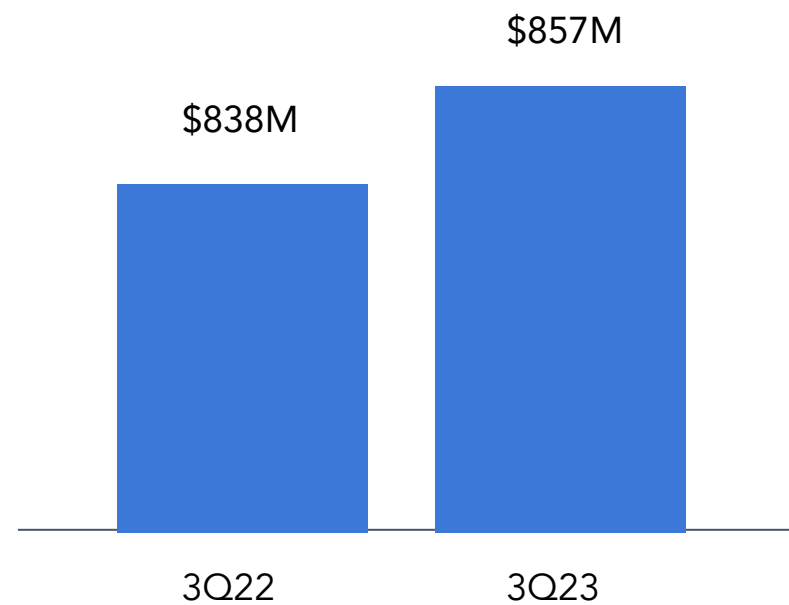
<i>(in thousands)</i>	October 28, 2023	October 29, 2022
ENDING INVENTORY	\$769,315	\$797,731
ENDING INVENTORY % CHANGE TO PRIOR YEAR	-4%	8%
QUARTERLY INVENTORY TURN ¹	1.02	0.98

(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

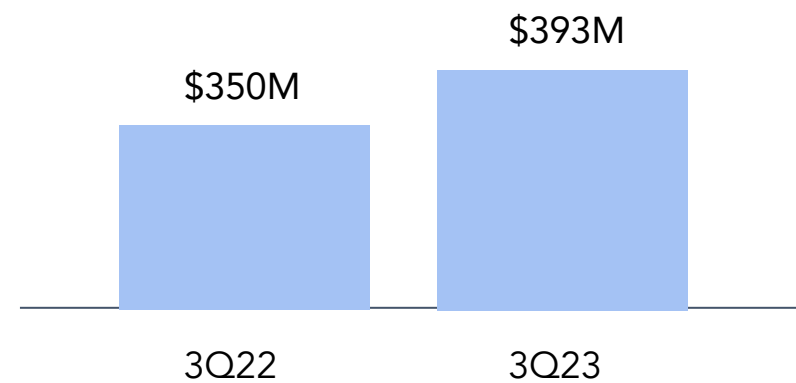
Total Company Revenue Up 5%; Digital Revenue Up 10%; Stores Revenue Up 3%

AMERICAN EAGLE



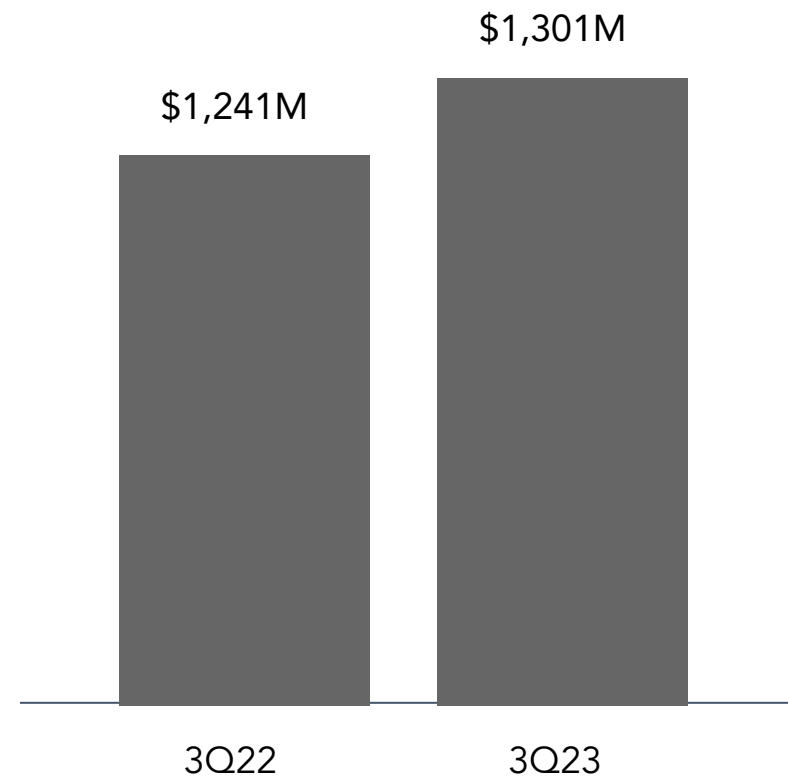
Net Revenue Up 2% YOY
Comparable Sales Up 2% YOY

AERIE



Net Revenue Up 12% YOY
Comparable Sales Up 12% YOY

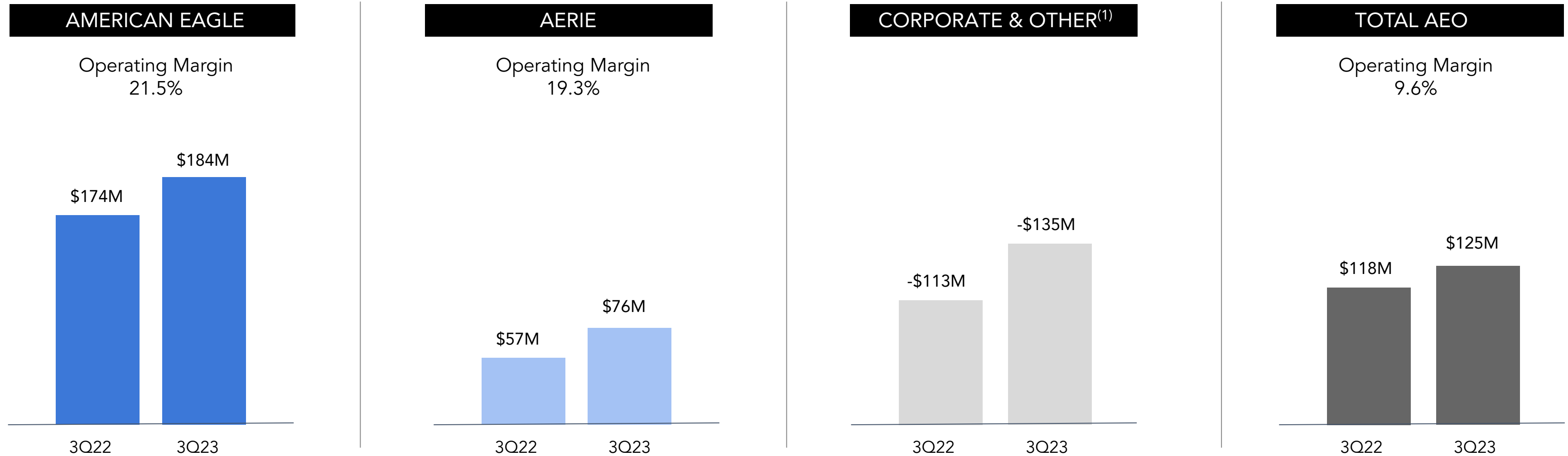
TOTAL AEO



Net Revenue Up 5% YOY
Comparable Sales Up 5% YOY

Third Quarter Operating Income

Total Company Operating Income of \$125M; Second highest since 2012



(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 Fiscal 2023, management expects revenue to be up mid-single digits to last year, compared to prior guidance for revenue up low single digits. Operating income is expected to be in the range of \$340 to \$350 million, at the high end of prior guidance of \$325 to \$350 million. This reflects strengthened demand and continued profit improvement. With better business trends driving higher incentives, SG&A is expected to be up in the low double digits for the year.

For the fourth quarter, management's outlook reflects revenue up high-single digits and operating income in the range of \$105 to \$115 million. The revenue outlook includes a four point positive contribution from the 53rd week. SG&A is expected to be up approximately 20% including a 5 point impact from the 53rd week. Incentive accruals are also expected to be higher, which are skewed to the back half of the year. Depreciation is expected to be similar to the third quarter.

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

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net Revenue:				
American Eagle	\$ 857,378	\$ 837,575	\$ 2,295,487	\$ 2,301,051
Aerie	\$ 393,042	\$ 349,712	\$ 1,132,537	\$ 1,043,129
Other(1)	\$ 111,805	\$ 115,346	\$ 329,480	\$ 315,333
Intersegment Elimination	\$ (61,170)	\$ (62,050)	\$ (174,645)	\$ (165,768)
Total Net Revenue	\$ 1,301,055	\$ 1,240,583	\$ 3,582,859	\$ 3,493,745
Operating Income:				
American Eagle	\$ 184,029	\$ 174,129	\$ 418,232	\$ 387,213
Aerie	\$ 75,850	\$ 56,487	\$ 188,772	\$ 111,414
Other(1)(3)	\$ (8,601)	\$ (11,650)	\$ (35,250)	\$ (39,381)
Intersegment Elimination	\$ -	\$ -	\$ -	\$ -
General corporate expenses(2)	\$ (125,917)	\$ (101,418)	\$ (336,998)	\$ (285,781)
Impairment, restructuring and other charges(3)	\$ -	\$ -	\$ (21,275)	\$ -
Total Operating Income	\$ 125,361	\$ 117,548	\$ 213,481	\$ 173,465
Debt related charges	\$ -	\$ -	\$ -	\$ 60,066
Interest (income) expense, net	\$ (2,871)	\$ 3,878	\$ (1,229)	\$ 11,887
Other (income) expense, net	\$ (3,984)	\$ 782	\$ (9,446)	\$ (5,501)
Income before income taxes	\$ 132,216	\$ 112,888	\$ 224,156	\$ 107,013
Capital Expenditures				
American Eagle	\$ 17,219	\$ 20,477	\$ 48,411	\$ 55,000
Aerie	\$ 9,499	\$ 24,404	\$ 31,576	\$ 85,663
Other(1)	\$ 9,760	\$ 20,801	\$ 21,490	\$ 25,933
General corporate expenditures(2)	\$ 6,478	\$ 5,825	\$ 33,438	\$ 32,768
Total Capital Expenditures	\$ 42,956	\$ 71,507	\$ 134,915	\$ 199,364

(1) The Todd Snyder brand, Unsubscribed brand, and Quiet Platforms have been identified as separate operating segments; however, as they do not meet the quantitative thresholds for separate disclosure, they are presented under the Other caption.

(2) General corporate expenses are comprised of general and administrative costs that management does not attribute to any of our operating segments. These costs primarily relate to corporate administration, information and technology resources, finance and human resources functional and organizational costs, depreciation and amortization of corporate assets, and other general and administrative expenses resulting from corporate-level activities and projects.

(3) \$21.3 million of pre-tax impairment, restructuring and other charges related to Quiet Platforms, including \$10.8 million of long-lived asset impairment charges, \$5.6 million of severance costs, and \$4.9 million of contract related charges for the 39 weeks ended October 28, 2023.

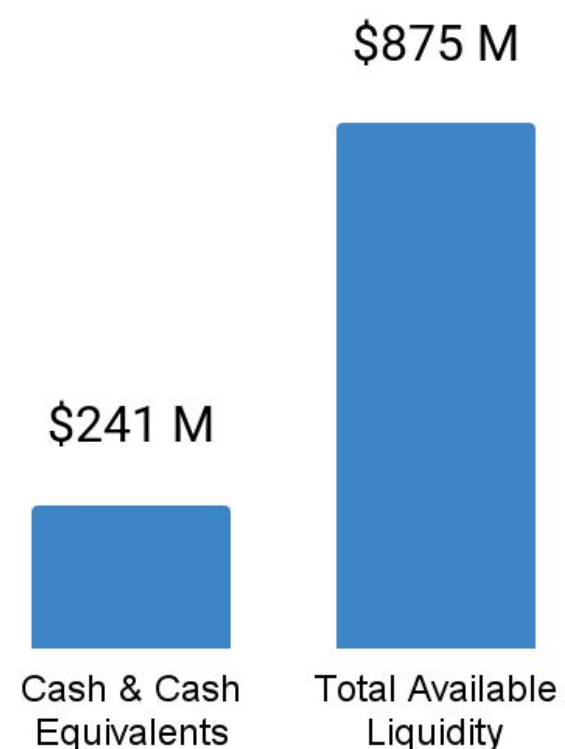
Statement of Operations Summary-GAAP Basis *(unaudited)*

13 Weeks Ended (In thousands)	October 28, 2023	% of Revenue	October 29, 2022	% of Revenue
Total net revenue	\$1,301,055	100.0%	\$1,240,583	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	757,258	58.2%	760,810	61.3%
Gross profit	543,797	41.8%	479,773	38.7%
Selling, general and administrative expenses	361,992	27.8%	311,101	25.1%
Depreciation and amortization expense	56,444	4.4%	51,124	4.1%
Operating income	125,361	9.6%	117,548	9.5%
Interest (income) expense, net	(2,871)	-0.2%	3,878	0.3%
Other (income) expense, net	(3,984)	-0.3%	782	0.1%
Income before income taxes	132,216	10.1%	112,888	9.1%
Provision for income taxes	35,516	2.7%	31,616	2.5%
Net income	\$96,700	7.4%	\$81,272	6.6%
Net income per basic share	\$0.50		\$0.44	
Net income per diluted share	\$0.49		\$0.42	
Weighted average common shares outstanding - basic	195,343		186,305	
Weighted average common shares outstanding - diluted	198,367		195,776	
39 Weeks Ended (In thousands)	October 28, 2023	% of Revenue	October 29, 2022	% of Revenue
Total net revenue	\$3,582,859	100.0%	\$3,493,745	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	2,172,867	60.6%	2,255,929	64.5%
Gross profit	1,409,992	39.4%	1,237,816	35.5%
Selling, general and administrative expenses	1,006,210	28.1%	917,687	26.3%
Impairment, restructuring and other charges	21,275	0.6%	-	0.0%
Depreciation and amortization expense	169,026	4.7%	146,664	4.2%
Operating income	213,481	6.0%	173,465	5.0%
Debt related charges	-	0.0%	60,066	1.7%
Interest (income) expense, net	(1,229)	0.0%	11,887	0.3%
Other (income) expense, net	(9,446)	-0.3%	(5,501)	-0.2%
Income before income taxes	224,156	6.3%	107,013	3.2%
Provision for income taxes	60,434	1.7%	36,466	1.2%
Net income	\$163,722	4.6%	\$70,547	2.0%
Net income per basic share	\$0.84		\$0.39	
Net income per diluted share	\$0.83		\$0.36	
Weighted average common shares outstanding - basic	195,467		178,637	
Weighted average common shares outstanding - diluted	197,969		207,499	

Liquidity and Capital Allocation



3Q23 LIQUIDITY



*Includes \$634M in net credit available

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>	13 weeks ended		39 weeks ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Cash used for share repurchases	\$ -	\$ -	\$ -	\$ -
Number of shares repurchased	-	-	-	-
Cash used for regular quarterly dividends	\$ 19.7	\$ -	\$ 59.1	\$ 64.8
Total dividends per share	\$ 0.100	-	\$ 0.300	\$ 0.360
Total cash returned to shareholders	\$ 19.7	\$ -	\$ 59.1	\$ 64.8

Real Estate Highlights

3Q Real Estate Summary *(unaudited)*

QTD Real Estate Summary (unaudited)

Consolidated stores at beginning of period 1,184

Consolidated stores opened during the period

AE Brand (2) 8

Aerie (incl. OFFL/NE) (3) 8

Todd Snyder 1

Consolidated stores closed during the period

AE Brand (2) 1

Aerie (incl. OFFL/NE) (3) 1

Consolidated stores at end of period 1,199

AE Brand (2) 873

Aerie (incl. OFFL/NE) (3) 307

Todd Snyder 14

Unsubscribed 5

Total gross square footage at end of period 7,333

[In Thousands]

International licensed locations at end of period (1) 301

(1) International license locations 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.

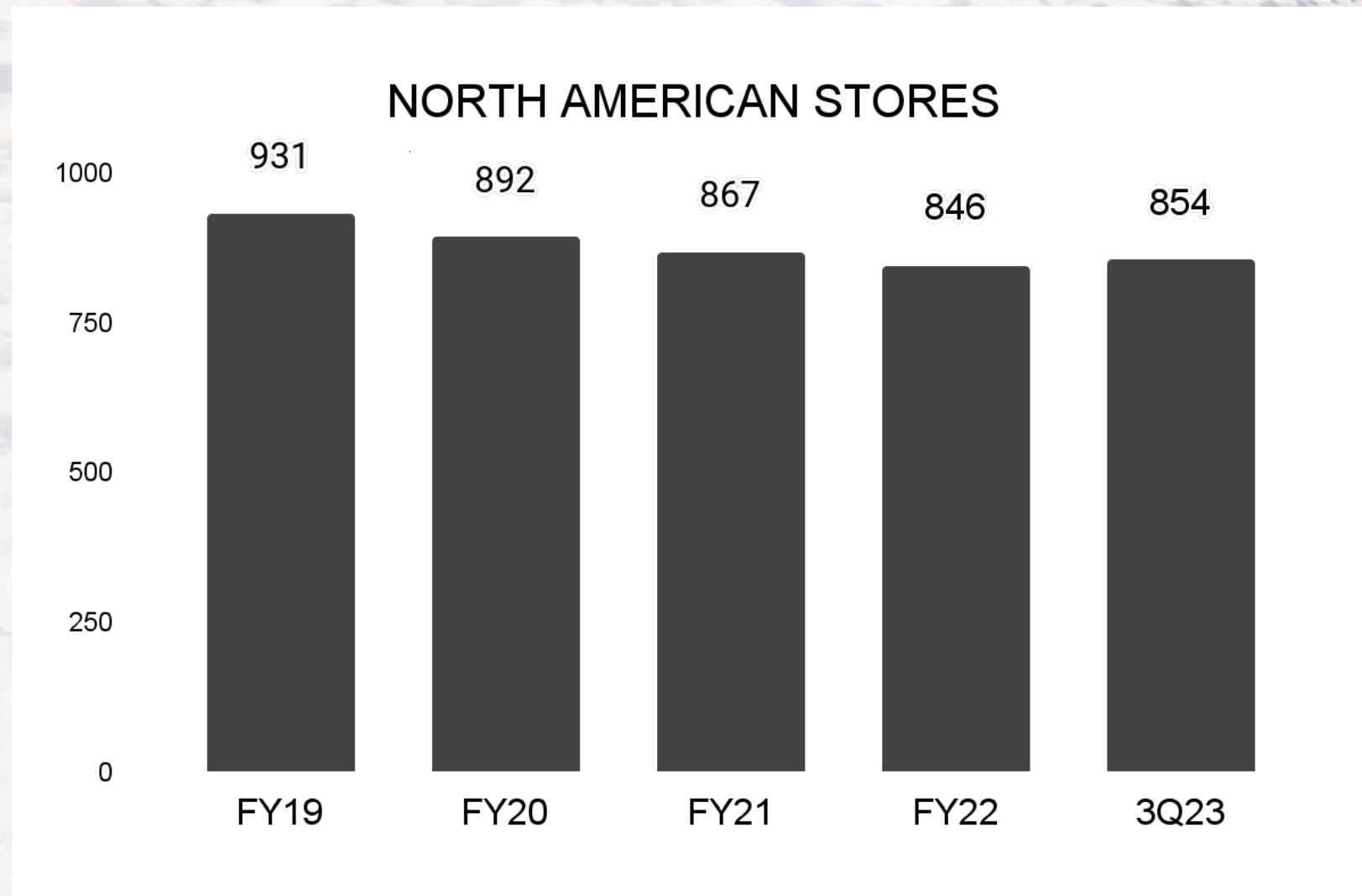
Historical Quarterly Store Data by Brand *(unaudited)*

Store Counts																	Sqft By Brand		
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 & Offline		
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		
FY2019																			
1Q19	785	4,875,024	119	446,170	0	0	151	1,172,404	0	0	0	0	0	0	1,061	6,511,508	1Q19	5,757,522	748,807
2Q19	781	4,982,495	131	470,538	0	0	158	1,363,891	0	0	0	0	0	0	1,075	6,830,468	2Q19	6,022,181	803,108
3Q19	775	4,914,297	142	510,574	0	0	170	1,479,306	0	0	0	0	0	0	1,094	6,918,661	3Q19	6,044,236	868,675
4Q19	766	4,857,895	148	546,624	0	0	174	1,515,532	0	0	0	0	0	0	1,095	6,935,991	4Q19	5,991,896	937,916
FY2020																			
1Q20	767	4,852,895	148	560,190	0	0	175	1,539,215	0	0	0	0	0	0	1,093	6,958,479	1Q20	5,998,426	953,873
2Q20	760	4,800,204	160	576,479	0	0	175	1,545,014	0	0	0	0	0	0	1,098	6,927,876	2Q20	5,949,580	971,609
3Q20	758	4,795,476	166	619,454	1	275	177	1,554,830	0	0	0	0	0	0	1,105	6,978,215	3Q20	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	4Q20	5,740,150	1,067,239
FY2021																			
1Q21	713	4,524,654	174	667,658	5	10,898	177	1,595,290	1	7,423	0	0	0	0	1,074	6,814,239	1Q21	5,702,752	1,103,207
2Q21	711	4,505,846	186	704,611	5	13,608	182	1,622,470	1	7,423	0	0	0	0	1,090	6,865,434	2Q21	5,709,478	1,144,492
3Q21	716	4,530,387	203	749,207	8	15,289	181	1,628,785	1	7,423	0	0	0	0	1,121	6,961,748	3Q21	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	4Q21	5,620,294	1,361,398
FY2022																			
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	1Q22	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	2Q22	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	3Q22	5,603,096	1,636,790
4Q22	673	4,355,839	233	935,244	34	104,052	186	1,650,545	2	16,236	4	54,273	28	193,254	1,175	7,346,365	4Q22	5,607,958	1,701,486
FY2023																			
1Q23	674	4,267,335	234	930,288	34	104,783	186	1,654,391	2	16,236	5	58,889	29	207,553	1,180	7,281,914	1Q23	5,522,450	1,717,024
2Q23	674	4,262,274	236	939,059	34	104,783	185	1,650,535	2	16,236	5	59,957	30	214,916	1,184	7,296,202	2Q23	5,515,903	1,731,856
3Q23	679	4,263,763	238	948,558	38	116,003	187	1,650,629	2	16,236	5	59,957	31	225,388	1,199	7,333,797	3Q23	5,517,013	1,763,521

(1) Total Stores includes Todd Snyder and Unsubscribed

AE North America Store Footprint

77 net store closures since FY19, reflecting a 9% reduction in sq. footage



Weighted Average Square Footage*

FY19	FY20	FY21	FY22	3Q23
5,984	5,904	5,692	5,562	5,442

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

*Square footage excludes Aerie and OFFLINE selling square footage in AE side-by-side stores.





Historical Financials

Historical Financial Information - GAAP Basis

(In thousands, except per share amounts and store counts)					Fiscal 2022					Fiscal 2023		
	2018	2019	2020	2021	Q1	Q2	Q3	Q4	2022	Q1	Q2	Q3
Total net revenue	\$4,035,720	\$4,308,212	\$3,759,113	\$5,010,785	\$1,055,037	\$1,198,124	\$1,240,583	\$1,496,088	\$4,989,833	\$1,080,926	\$1,200,879	\$1,301,055
Cost of sales, including certain buying, occupancy and warehousing expenses	2,548,082	2,785,911	2,610,966	3,018,995	667,011	828,107	760,810	988,656	3,244,585	667,747	747,863	757,258
Gross profit	1,487,638	1,522,301	1,148,147	1,991,790	388,026	370,017	479,773	507,432	1,745,248	413,179	453,016	543,797
Selling, general and administrative expenses	980,610	1,029,412	977,264	1,222,000	298,755	307,832	311,101	351,408	1,269,095	312,345	331,872	361,992
Impairment, restructuring and other charges	1,568	80,494	279,826	11,944	-	-	-	22,209	22,209	21,275	-	-
Depreciation and amortization expense	168,331	179,050	162,402	166,781	47,369	48,171	51,124	60,233	206,897	56,728	55,854	56,444
Operating income (loss)	337,129	233,345	-271,345	591,065	41,902	14,014	117,548	73,582	247,047	22,831	65,290	125,361
Debt related charges	-	-	-	-	-	60,066	-	4,655	64,721	-	-	-
Interest (income) expense, net	-3,492	-6,202	24,610	34,632	4,588	3,421	3,878	2,409	14,297	690	951	-2,871
Other (income) expense, net	-4,479	-5,731	-3,682	-2,489	-4,444	-1,839	782	-4,964	-10,465	-3,311	-2,150	-3,984
Income (loss) before income taxes	345,100	245,278	-292,273	558,922	41,758	-47,634	112,888	71,482	178,494	25,452	66,489	132,216
Provision (benefit) for income taxes	83,198	54,021	-82,999	139,293	10,018	-5,168	31,616	16,891	53,358	6,999	17,919	35,516
Net income (loss)	\$261,902	\$191,257	-\$209,274	\$419,629	\$31,740	-\$42,466	\$81,272	\$54,591	\$125,136	\$18,453	\$48,570	\$96,700
Net income (loss) per basic share	\$1.48	\$1.13	-\$1.26	\$2.50	\$0.19	-\$0.24	\$0.44	\$0.29	\$0.69	\$0.09	\$0.25	\$0.50
Net income (loss) per diluted share (1)	\$1.47	\$1.12	-\$1.26	\$2.03	\$0.16	-\$0.24	\$0.42	\$0.28	\$0.64	\$0.09	\$0.25	\$0.49
Weighted average common shares outstanding - basic	176,476	169,711	166,455	168,156	168,460	180,189	186,305	190,621	181,778	194,487	195,329	195,343
Weighted average common shares outstanding - diluted	178,035	170,867	166,455	206,529	219,742	180,189	195,776	196,893	205,226	197,160	196,103	198,367
Comparable sales (2) (3)	8%	3%	<i>Not provided</i>	30%	-5%	-9%	-9%	-6%	-7%	-1%	0%	5%
American Eagle brand comparable sales	5%	0%	<i>Not provided</i>	35%	-7%	-10%	-10%	-9%	-9%	-4%	-2%	2%
Aerie brand comparable sales	29%	20%	<i>Not provided</i>	27%	-2%	-6%	-3%	-2%	-3%	2%	0%	12%
Total revenue growth (2)	6%	7%	0	33%	2%	0%	-3%	-1%	0%	2%	0%	5%
American Eagle brand revenue growth (4)	<i>Not provided</i>	3%	-21%	30%	-6%	-8%	-11%	-8%	-8%	-2%	-1%	2%
Aerie brand revenue growth (4)	<i>Not provided</i>	28%	24%	39%	8%	11%	11%	8%	9%	12%	2%	12%
Total store count - end of period	1,055	1,095	1,078	1,133	1,141	1,160	1,179	1,175	1,175	1,180	1,184	1,199
Weighted gross square feet - end of period	6,638	6,800	6,739	6,790	7,106	7,144	7,268	7,346	7,237	7,282	7,296	7,333

(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 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 Operating Income Reconciliation

This presentation includes information on non-GAAP financial measures (“non-GAAP” or “adjusted”), including consolidated adjusted operating income. This non-GAAP financial information is not based on any standardized methodology prescribed by U.S. generally accepted accounting principles (“GAAP”) and is 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 and provides a higher degree of transparency. These amounts are not determined in accordance with GAAP and therefore, should not be used exclusively in evaluating the company’s business and operations. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view these non-GAAP financial measures in conjunction with the related GAAP financial measures.

(In thousands)					Fiscal 2022				Fiscal 2023			
	2018	2019	2020	2021	Q1	Q2	Q3	Q4	2022	Q1 (4)	Q2	Q3
Operating income (loss) - As reported	\$337,129	\$233,345	-\$271,345	\$591,065	\$41,902	\$14,014	\$117,548	\$73,582	\$247,047	\$22,831	\$65,290	\$125,361
% of Revenue	8.4%	5.4%	-7.2%	11.8%	4.0%	1.2%	9.5%	4.9%	5.0%	2.1%	5.4%	9.6%
Long-lived asset impairment charges (1)	0	66,252	249,163	11,944	0	0	0	20,633	20,633	10,759	0	0
Incremental COVID-19 related expenses (2)	0	0	26,930	0	0	0	0	0	0	0	0	0
Severance costs	1,568	6,691	3,733	0	0	0	0	1,576	1,576	5,592	0	0
Joint business venture exit charges	0	4,194	0	0	0	0	0	0	0	0	0	0
Japan market transition costs	0	1,814	0	0	0	0	0	0	0	0	0	0
China restructuring (3)	0	1,543	0	0	0	0	0	0	0	0	0	0
Other contract related charges	0	0	0	0	0	0	0	0	0	4,924	0	0
Operating income - Adjusted	\$338,698	\$313,839	\$8,481	\$603,009	\$41,902	\$14,014	\$117,548	\$95,791	\$269,256	\$44,106	\$65,290	\$125,361
% of Revenue	8.4%	7.3%	0.2%	12.0%	4.0%	1.2%	9.5%	6.4%	5.4%	4.1%	5.4%	9.6%

(1) In fiscal 2022, the Company recorded impairment charges of \$20.6 million primarily related to store property and equipment and operating lease ROU assets. 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.

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

(3) 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.

(4) Impairment and restructuring charges related to Quiet Platforms for Q1 of 2023.



REAL Power. REAL Growth.

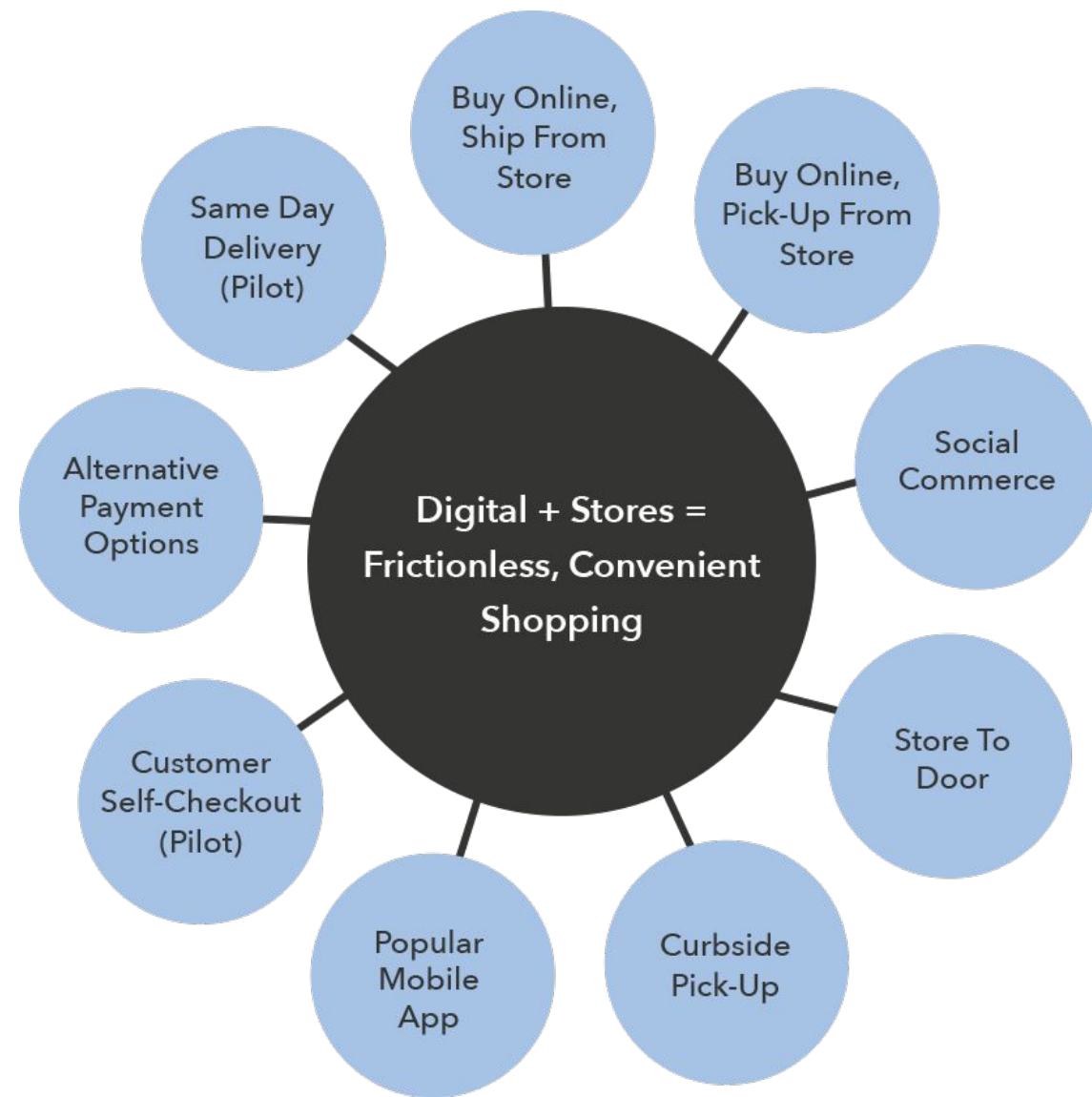
Value Creation Plan



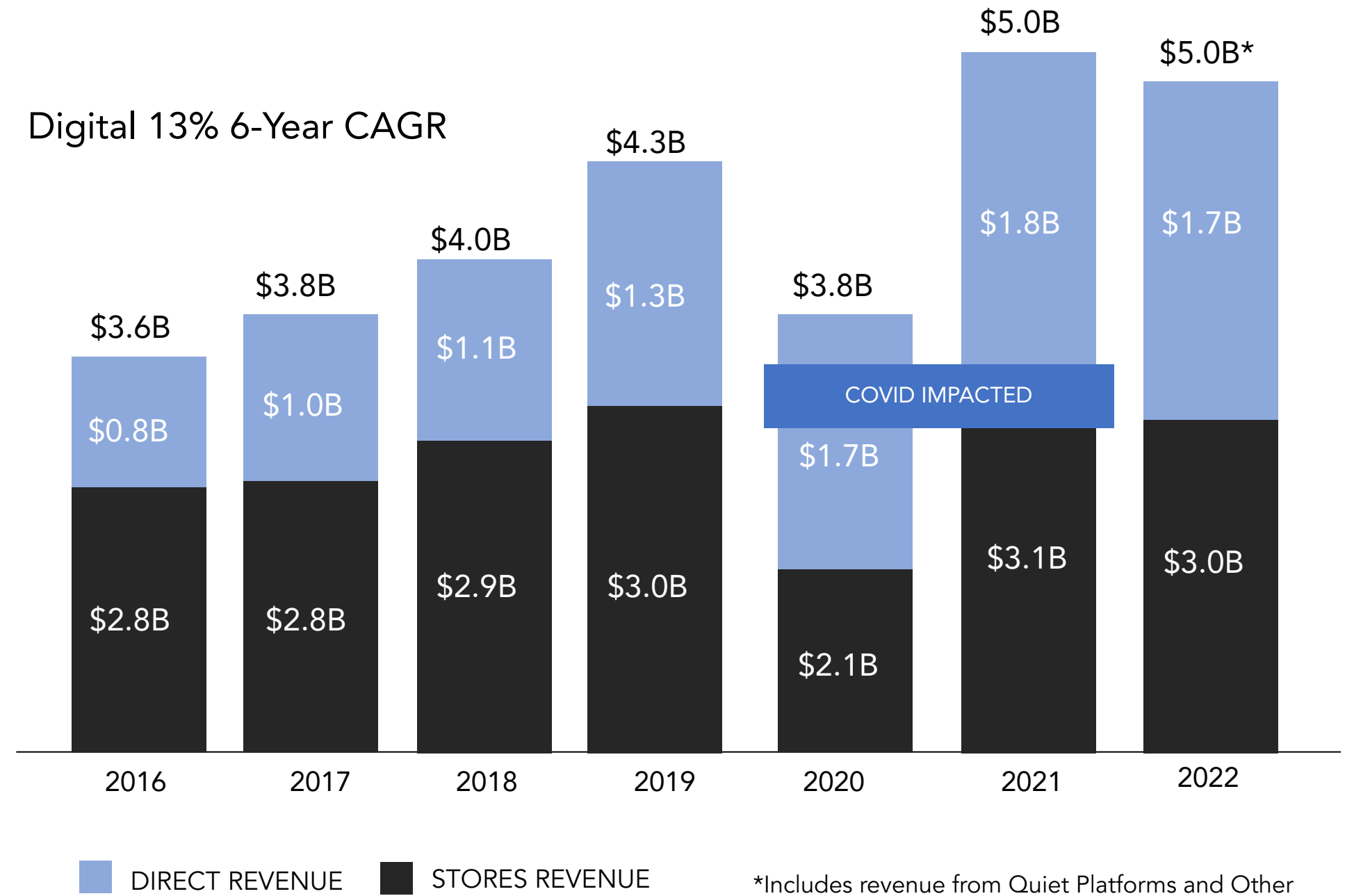
Fueled by optimism, our brands are designed to empower our customers to be their **real, authentic selves**.



Customer Centric Omni Channel Retailer With Strong Digital Presence



Digital 13% 6-Year CAGR



3Q23 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.