

AEO INC.

FIRST QUARTER 2024 Investor Presentation

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

This presentation 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 management's expectations or beliefs concerning future events, including, without limitation, second fiscal quarter and annual fiscal 2024 results. Words such as "outlook," "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "may," "potential," and similar expressions may identify forward-looking statements, although not all forward-looking statements contain these identifying words. All forward-looking statements made by the company are inherently uncertain because they are based on assumptions and expectations concerning future events and are subject to change based on many important factors, some of which may be beyond the company's control. 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 February 3, 2024 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 to differ materially from those expressed or implied in any of the forward-looking statements included in this presentation 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.

The use of the "company," "AEO," "we," "us," and "our" in this presentation refers to American Eagle Outfitters, Inc.

AEO INC.



Non-GAAP Measures

This presentation includes information on non-GAAP financial measures ("non-GAAP" or "adjusted"), including gross margin and adjusted operating income for fiscal 2023. 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 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.

The tables included in this presentation reconcile the GAAP financial measures to the non-GAAP financial measures discussed above.

Powering Profitable Growth

Amplify
Our Brands

Execute
With Financial Discipline

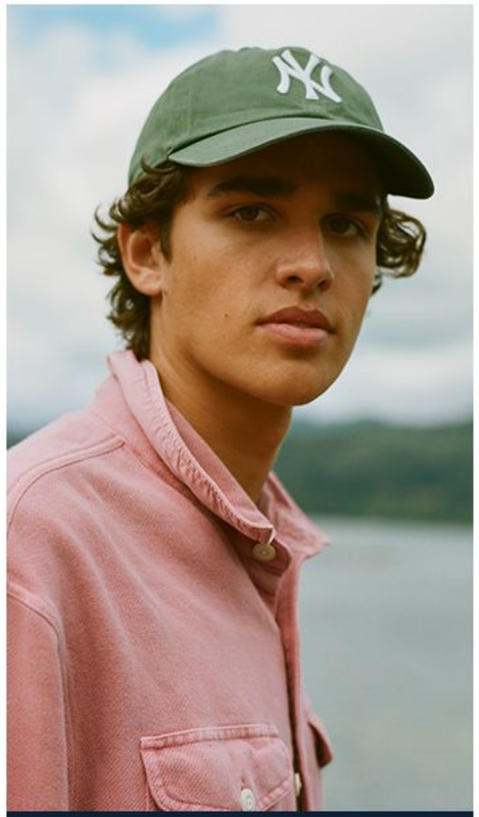
Optimize
Operations

AEO INC.

Distinct Competitive Advantages



Powerful Brands



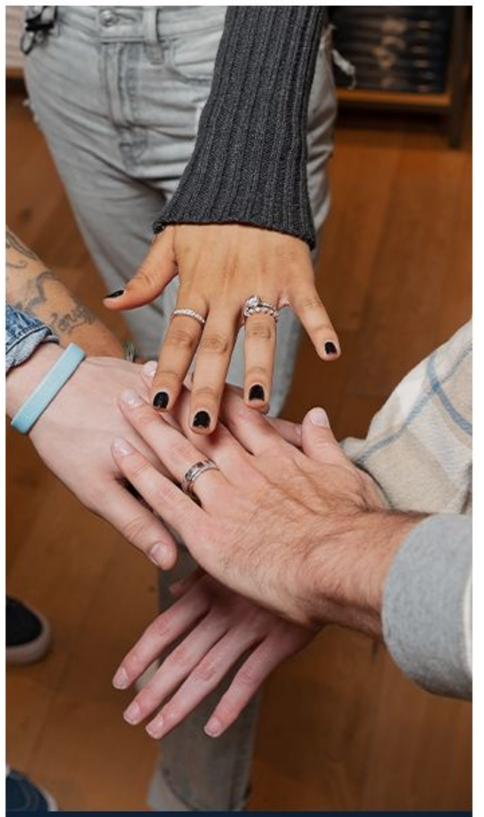
Authority in Casual Wear



Quality Product



Robust Operating Capabilities



World-Class Leadership Team

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

CORE BRANDS







EMERGING BRANDS





First Quarter 2024 Results

- Record first quarter revenue of $1.1 billion rose 6% to last year
- Operating profit of $78 million exceeded guidance
- Aerie achieved all-time high first quarter revenue with comps up 6%
- American Eagle sequentially accelerated with comps up 7%



AEO INC.

“**Our strong first quarter results underscore the power of our iconic brand portfolio and demonstrate great progress on our Powering Profitable Growth strategy.** We achieved **record revenue**, amplifying American Eagle’s and Aerie’s leading market positions and opportunity in casual apparel. We continued to offer exciting merchandise collections and customer activations, providing compelling in-store and digital shopping experiences. This, combined with actions to optimize our operations and drive efficiencies across the organization, contributed to **meaningful profit expansion, which was ahead of expectations**,” commented Jay Schottenstein, AEO’s Executive Chairman of the Board and Chief Executive Officer.

“**As I look forward, I remain confident in our ability to deliver on our plans for 2024 and beyond.** We have significant runway across our brands and we continue to execute with discipline as we drive our business to **deliver sustained, profitable growth and returns to shareholders**,” he continued.



Jay Schottenstein
AEO’s Executive Chairman of the Board and Chief Executive Officer



Key Highlights *(unaudited)*

FIRST QUARTER	2024	2023
TOTAL NET REVENUE CHANGE	6%	2%
GROSS MARGIN	40.6%	38.2%
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	29.2%	28.9%
OPERATING MARGIN*	6.8%	4.1%

**Results are shown on an adjusted basis for the first quarter of 2023. See accompanying tables for a reconciliation of GAAP to non-GAAP results for the 13 weeks ended April 29, 2023.*

Inventory Data *(unaudited)*

(in thousands)	May 4, 2024	April 29, 2023
ENDING INVENTORY	$681,062	$624,851
ENDING INVENTORY % CHANGE TO PRIOR YEAR	9%	(8%)
QUARTERLY INVENTORY TURN[(1)]	1.03	1.10

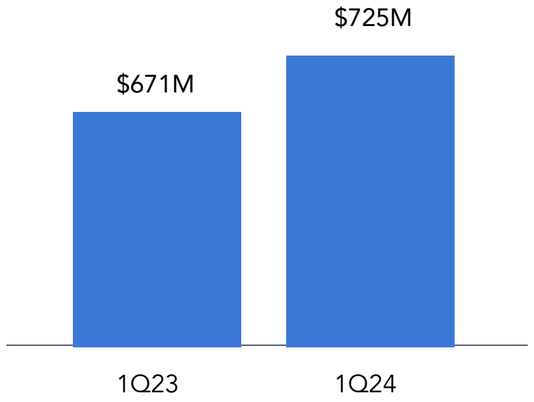
[(1)] Inventory turn is calculated as the total cost of goods sold for the quarterly periods divided by the average of the beginning and ending inventory balances from the consolidated balance sheets

AEO INC.

First Quarter Net Revenue *(unaudited)*

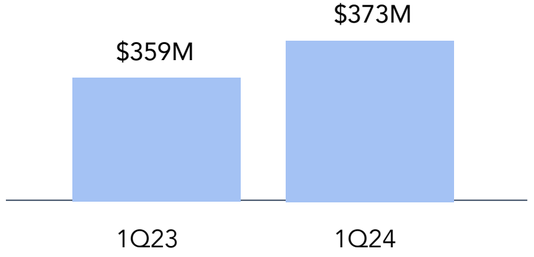
Total Company Revenue Up 6%; Digital Revenue Up 12%; Stores Revenue Up 4%

AMERICAN EAGLE



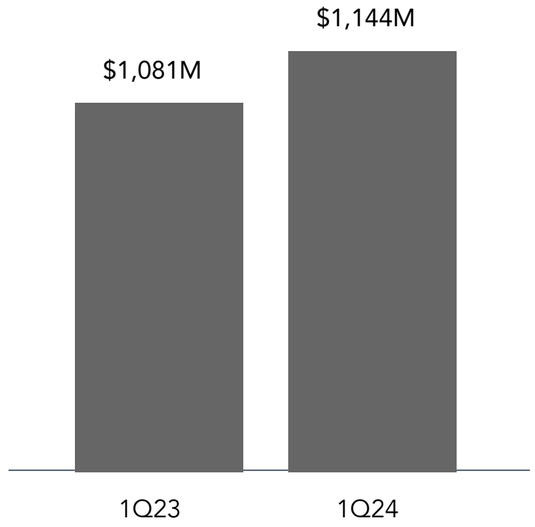
Net Revenue Up 8% YOY
Comparable Sales Up 7% YOY

AERIE



Net Revenue Up 4% YOY
Comparable Sales Up 6% YOY

TOTAL AEO



Net Revenue Up 6% YOY
Comparable Sales Up 7% YOY

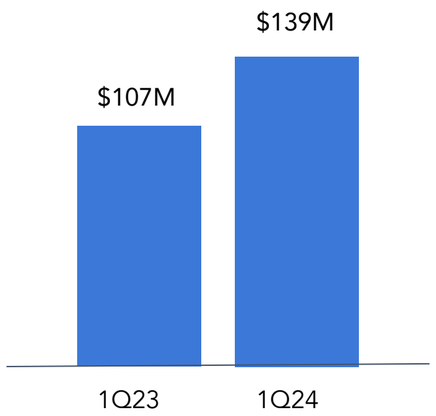
First quarter 2024 results are presented for the 13 weeks ended May 4, 2024 compared to the 13 weeks ended April 29, 2023. Comparable sales metrics are presented for the 13 weeks ended May 4, 2024 compared to the 13 weeks ended May 6, 2023. Comparable sales includes sales from American Eagle, Aerie, Todd Snyder, and Unsubscribed stores, as well as sales from AEO Direct and other digital channels.

First Quarter Operating Income *(unaudited)*

Total Company Operating Income of $78 million

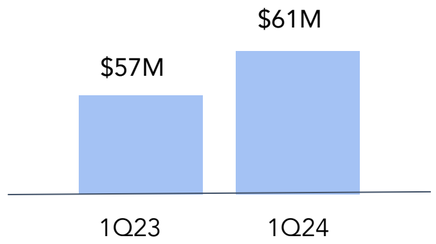
AMERICAN EAGLE

Operating Margin
19.1%

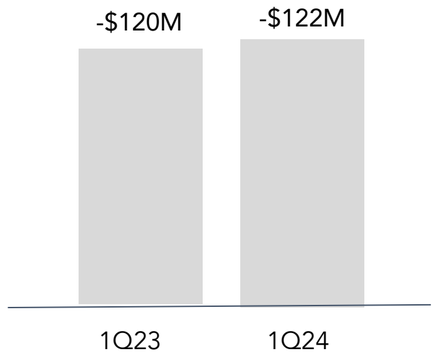


AERIE

Operating Margin
16.5%

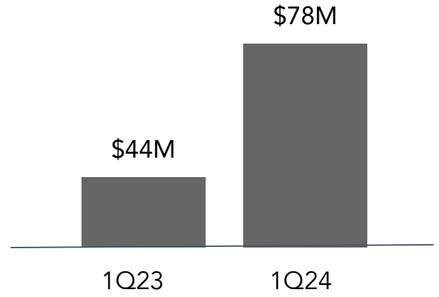


CORPORATE & OTHER(1)



TOTAL AEO*

Operating Margin
6.8%



(1) Corporate and Other includes revenue and operating results of the Todd Snyder and Unsubscribed brands and Quiet Platforms.

**Results are shown on an adjusted basis for the first quarter of 2023. See accompanying tables for a reconciliation of GAAP to non-GAAP results for the 13 weeks ended April 29, 2023.*

Guidance

2024:

- +2-4% Revenue Growth
- $445M to $465M Operating Income
- SG&A Leverage
- D&A ~$220M
- Mid-to-High 20s Tax Rate
- High-190s Share Count

Second Quarter:

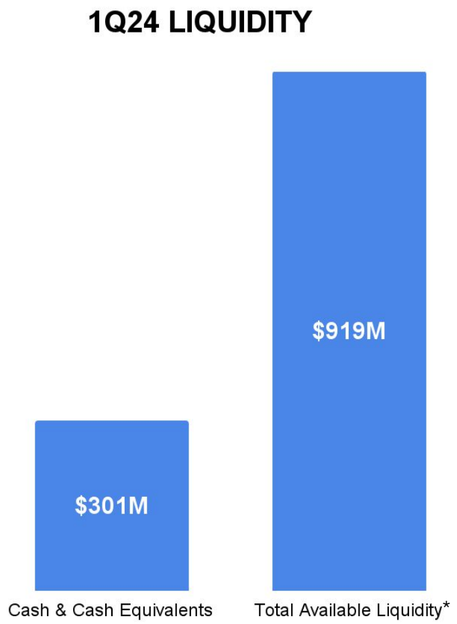
- High-Single Digit Revenue Growth
- $95M to $100M Operating Income
- SG&A Leverage



Liquidity and Capital Allocation



AEO INC.



Capital Allocation Priorities

1 Investments to Fuel Brand Growth & Build Capabilities

2 Preserving Balance Sheet Strength

3 Direct Shareholder Returns through a combination of dividends and share repurchases

*Includes $619M in net credit available

Cash Returned to Shareholders *(unaudited)*

(In millions, except per share amounts)	13 weeks ended May 4, 2024	13 weeks ended April 29, 2023
Cash used for share repurchases	$ 34.9	$ -
Number of shares repurchased	1.5	-
Cash used for regular quarterly dividends	$ 24.6	$ 19.6
Total dividends per share	$ 0.125	$ 0.10
Total cash returned to shareholders	$ 59.5	$ 19.6

Balance Sheet Summary *(unaudited)*

ASSETS (In thousands)	May 4, 2024	February 3, 2024	April 29, 2023
Cash and cash equivalents	$300,518	$354,094	$117,841
Short-term investments	-	100,000	-
Merchandise inventory	681,062	640,662	624,851
Accounts receivable, net	230,934	247,934	259,074
Prepaid expenses and other	98,803	90,660	127,735
Total current assets	1,311,317	1,433,350	1,129,501
Operating lease right-of-use assets	1,123,649	1,005,293	1,053,938
Property and equipment, at cost, net of accumulated depreciation	703,551	713,336	762,433
Goodwill	225,253	225,303	264,896
Intangible assets, net	89,332	46,109	13,034
Non-current deferred income taxes	45,178	82,064	92,399
Other assets	58,937	52,454	57,693
Total assets	**$3,557,217**	**$3,557,909**	**$3,373,894**
LIABILITIES & STOCKHOLDERS EQUITY (In thousands)	**May 4, 2024**	**February 3, 2024**	**April 29, 2023**
Accounts payable	225,480	268,308	212,318
Current portion of operating lease liabilities	303,603	284,508	321,430
Unredeemed gift cards and gift certificates	57,373	66,285	43,550
Accrued compensation and payroll taxes	64,502	152,353	57,014
Accrued income taxes and other	50,716	46,114	13,812
Other current liabilities and accrued expenses	71,655	73,604	68,313
Total current liabilities	773,329	891,172	716,437
Non-current operating lease liabilities	1,002,529	901,122	987,048
Long-term debt, net	-	-	30,225
Other non-current liabilities	29,003	28,856	21,168
Total non-current liabilities	1,031,532	929,978	1,038,441
Commitments and contingencies	-	-	-
Preferred stock	-	-	-
Common stock	2,496	2,496	2,496
Contributed capital	345,922	360,378	324,396
Accumulated other comprehensive loss	(15,722)	(16,410)	(26,777)
Retained earnings	2,267,785	2,214,159	2,130,108
Treasury stock	(848,125)	(823,864)	(811,207)
Total stockholders' equity	1,752,356	1,736,759	1,619,016
Total Liabilities and Stockholders' Equity	**$3,557,217**	**$3,557,909**	**$3,373,894**
Current ratio	1.70	1.61	1.58

Real Estate Highlights



AEO INC.

1Q Real Estate Summary *(unaudited)*

Consolidated stores at beginning of period	1,182
Consolidated stores opened during the period	
AE Brand (1)	3
Aerie (incl. OFFL/NE) (2)	1
Todd Snyder	-
Unsubscribed	-
Consolidated stores closed during the period	
AE Brand (1)	8
Aerie (incl. OFFL/NE) (2)	4
Todd Snyder	1
Consolidated stores at end of period	1,173
AE Brand (1)	846
Aerie (incl. OFFL/NE) (2)	307
Todd Snyder	15
Unsubscribed	5
Total gross square footage at end of period	7,221
[In Thousands]	
International licensed locations at end of period (3)	315

(1) AE Brand includes AE stand alone locations, AE/Aerie side-by side locations, AE/OFFL/NE side-by-side locations, and AE/Aerie/OFFLINE side-by-side locations.

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

(3) International license locations are not included in the consolidated store data or the total gross square footage calculation.

AEO INC.

Historical Quarterly Store Data by Brand *(unaudited)*

	Store Counts															
	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)	
	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
FY2019																
1Q19	785	4,875,024	119	446,170	-	-	151	1,172,404	-	-	-	-	-	-	1,061	6,511,508
2Q19	781	4,982,495	131	470,538	-	-	158	1,363,891	-	-	-	-	-	-	1,075	6,830,468
3Q19	775	4,914,297	142	510,574	-	-	170	1,479,306	-	-	-	-	-	-	1,094	6,918,661
4Q19	766	4,857,895	148	546,624			174	1,515,532							1,095	6,935,991
FY2020																
1Q20	767	4,852,895	148	560,190	-	-	175	1,539,215	-	-	-	-	-	-	1,093	6,958,479
2Q20	760	4,800,204	160	576,479	-	-	175	1,545,014	-	-	-	-	-	-	1,098	6,927,876
3Q20	758	4,795,476	166	619,454	1	275	177	1,554,830	-	-	-	-	-	-	1,105	6,978,215
4Q20	722	4,571,986	171	651,258	4	9,051	178	1,566,771	1	7,060					1,078	6,814,668
FY2021																
1Q21	713	4,524,654	174	667,658	5	10,898	177	1,595,290	1	7,423	-	-	-	-	1,074	6,814,239
2Q21	711	4,505,846	186	704,611	5	13,608	182	1,622,470	1	7,423	-	-	-	-	1,090	6,865,434
3Q21	716	4,530,387	203	749,207	8	15,289	181	1,628,785	1	7,423	-	-	-	-	1,121	6,961,748
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
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
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
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
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
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
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
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
4Q23**	657	4,283,829	238	952,268	39	123,206	187	1,659,667	2	16,236	5	59,957	33	239,282	1,182	7,390,868
FY2024																
1Q24	651	4,130,266	237	949,193	38	123,206	188	1,658,522	2	16,236	5	63,347	32	241,041	1,173	7,238,283

	AE	Aerie & Offline
	Weighted Gross Square Feet	Weighted Gross Square Feet
1Q19	5,757,522	748,807
2Q19	6,022,181	803,108
3Q19	6,044,236	868,675
4Q19	5,991,896	937,916
1Q20	5,998,426	953,873
2Q20	5,949,580	971,609
3Q20	5,951,599	1,019,337
4Q20	5,740,150	1,067,239
1Q21	5,702,752	1,103,207
2Q21	5,709,478	1,144,492
3Q21	5,735,321	1,213,811
4Q21	5,620,294	1,361,398
1Q22	5,619,427	1,464,808
2Q22	5,573,736	1,544,487
3Q22	5,603,096	1,636,790
4Q22	5,607,958	1,701,486
1Q23	5,522,450	1,717,024
2Q23	5,515,903	1,731,856
3Q23	5,517,013	1,763,521
4Q23**	5,535,448	1,798,996
1Q24	5,383,944	1,797,159

(1) Total Stores includes Todd Snyder and Unsubscribed

*** The fourth quarter of Fiscal 2023 represents the 14 weeks ended February 3, 2024.*

Historical Financials



AEO INC.

Historical Financial Information - GAAP Basis *(unaudited)*

					Fiscal 2023					Fiscal 2024
(In thousands, except per share amounts and store counts)	2019	2020	2021	2022**	Q1	Q2	Q3	Q4*	2023**	Q1
Total net revenue	$4,308,212	$3,759,113	$5,010,785	$4,989,833	$1,080,926	$1,200,879	$1,301,055	$1,678,910	$5,261,770	$1,143,867
Cost of sales, including certain buying, occupancy and warehousing expenses	2,785,911	2,610,966	3,018,995	3,244,585	667,747	747,863	757,258	1,064,324	3,237,192	679,628
Gross profit	1,522,301	1,148,147	1,991,790	1,745,248	413,179	453,016	543,797	614,586	2,024,578	464,239
Selling, general and administrative expenses	1,029,412	977,264	1,222,000	1,269,095	312,345	331,872	361,992	427,090	1,433,300	333,493
Impairment, restructuring and other charges	80,494	279,826	11,944	22,209	21,275	-	-	120,420	141,695	-
Depreciation and amortization expense	179,050	162,402	166,781	206,897	56,728	55,854	56,444	57,840	226,866	52,910
Operating income (loss)	233,345	(271,345)	591,065	247,047	22,831	65,290	125,361	9,236	222,717	77,836
Debt related charges	-	-	-	64,721	-	-	-	-	-	-
Interest (income) expense, net	(6,202)	24,610	34,632	14,297	690	951	(2,871)	(4,961)	(6,190)	(3,439)
Other (income) expense, net	(5,731)	(3,682)	(2,489)	(10,465)	(3,311)	(2,150)	(3,984)	(1,505)	(10,951)	(1,396)
Income (loss) before income taxes	245,278	(292,273)	558,922	178,494	25,452	66,489	132,216	15,702	239,858	82,671
Provision (benefit) for income taxes	54,021	(82,999)	139,293	53,358	6,999	17,919	35,516	9,386	69,820	14,919
Net income (loss)	$191,257	$ (209,274)	$419,629	$125,136	$18,453	$48,570	$96,700	$6,316	$170,038	$67,752
Net income (loss) per basic share	$1.13	-$1.26	$2.50	$0.69	$0.09	$0.25	$0.50	$0.03	$0.87	$0.34
Net income (loss) per diluted share (1)	$1.12	-$1.26	$2.03	$0.64	$0.09	$0.25	$0.49	$0.03	$0.86	$0.34
Weighted average common shares outstanding - basic	169,711	166,455	168,156	181,778	194,487	195,329	195,343	197,524	195,646	196,429
Weighted average common shares outstanding - diluted	170,867	166,455	206,529	205,226	197,160	196,103	198,367	199,589	196,863	201,310
Comparable sales (2) (3)	3%	Not provided	*30%*	-7%	-1%	0%	5%	8%	3%	7%
American Eagle brand comparable sales	0%	Not provided	*35%*	-9%	-4%	-2%	2%	6%	1%	7%
Aerie brand comparable sales	20%	Not provided	*27%*	-3%	2%	0%	12%	13%	8%	6%
Total revenue growth (2)	7%	-13%	33%	0%	2%	0%	12%	12%	5%	6%
American Eagle brand revenue growth	3%	-21%	30%	-8%	-2%	-1%	2%	11%	3%	8%
Aerie brand revenue growth	*28%*	24%	39%	9%	12%	2%	12%	16%	11%	4%
Total store count - end of period	1,095	1,078	1,133	1,175	1,180	1,184	1,199	1,182	1,182	1,173
Weighted gross square feet - end of period	6,800	6,739	6,790	7,237	7,282	7,296	7,333	7,391	7,189	7,238

(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.

**The fourth quarter of Fiscal 2023 represents the 14 weeks ended February 3, 2024.*
***Fiscal 2023 represents the 53 weeks ended February 3, 2024. Fiscal 2022 represents the 52 weeks ended January 28, 2023.*

AEO INC.

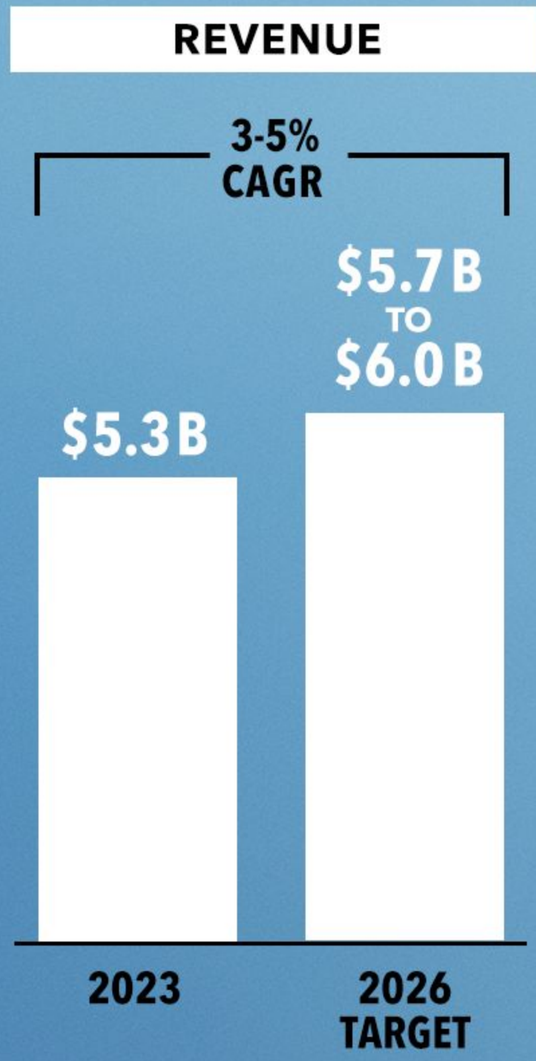


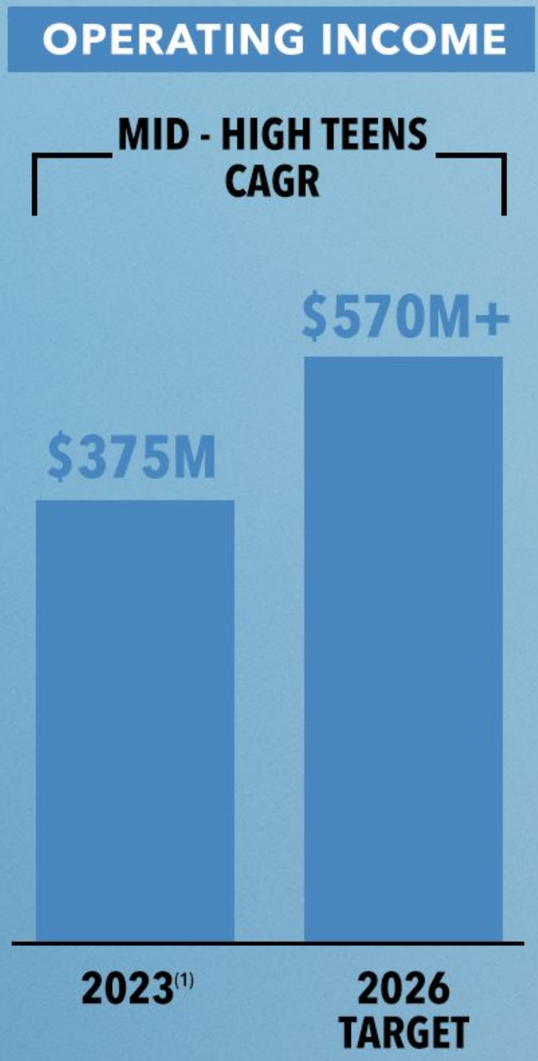
AEO INC.

Powering Profitable Growth

Long-Term Strategy

Transforming to Deliver Consistent Profitable Growth







(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

AEO INC.

Amplify
AMERICAN EAGLE
Powering **Profitable Growth**

- Continue to Lead in Jeans
- Complete the Outfit - Tops
- Expand into Adjacencies
- Modernize Fleet
- Enhance Inventory Allocation



AEO INC.

Amplify *aerie*

Powering Profitable Growth

- Continue to Win in Intimates and Soft Apparel
- Grow OFFLINE as an Authority in Activewear
- Expand Markets and Drive Customer Growth
- Build the Basket



AEO INC.



Optimize Operations

Powering Profitable Growth

Stores

Openings + Remodels

AI + RFID for Inventory Productivity

Digital

Grow Through KPI Focus

Supply Chain

Transform for Agility and Efficiency

Marketing

Optimize for Greater Returns

AEO INC.

BREAKTHROUGH

Powering Profitable Growth

- ✓ Identified significant opportunities across the P&L
- ✓ Early work within gross margin, followed by SG&A in 2024+
- ✓ Office of Continuous Improvement



AEO INC.

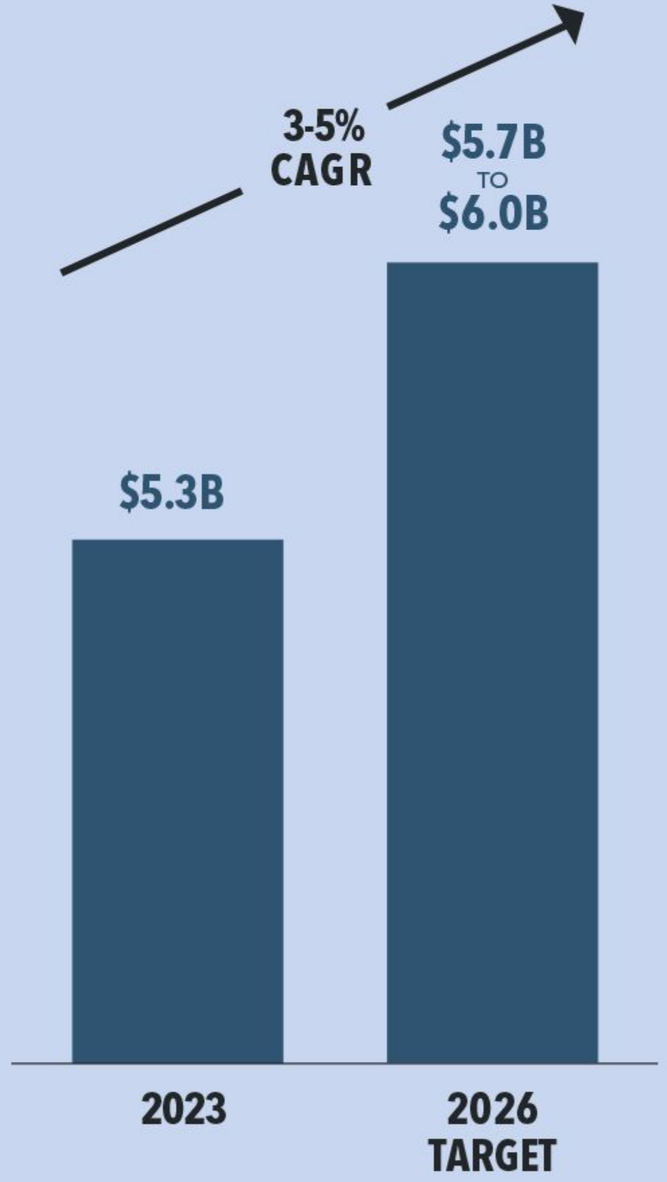
Long-Term Revenue Drivers

Comp Growth

- Amplifying Core Assortment
- Category Adjacencies
- Customer Growth
- AE Fleet Remodels
- Digital Acceleration
- Improved Operating Capabilities
- Mexico/Int'l Growth

Aerie/OFFLINE Fleet Expansion

- Targeting 100 new stores
- 30-35 new stores per year



Continued Opportunity in Gross Margin

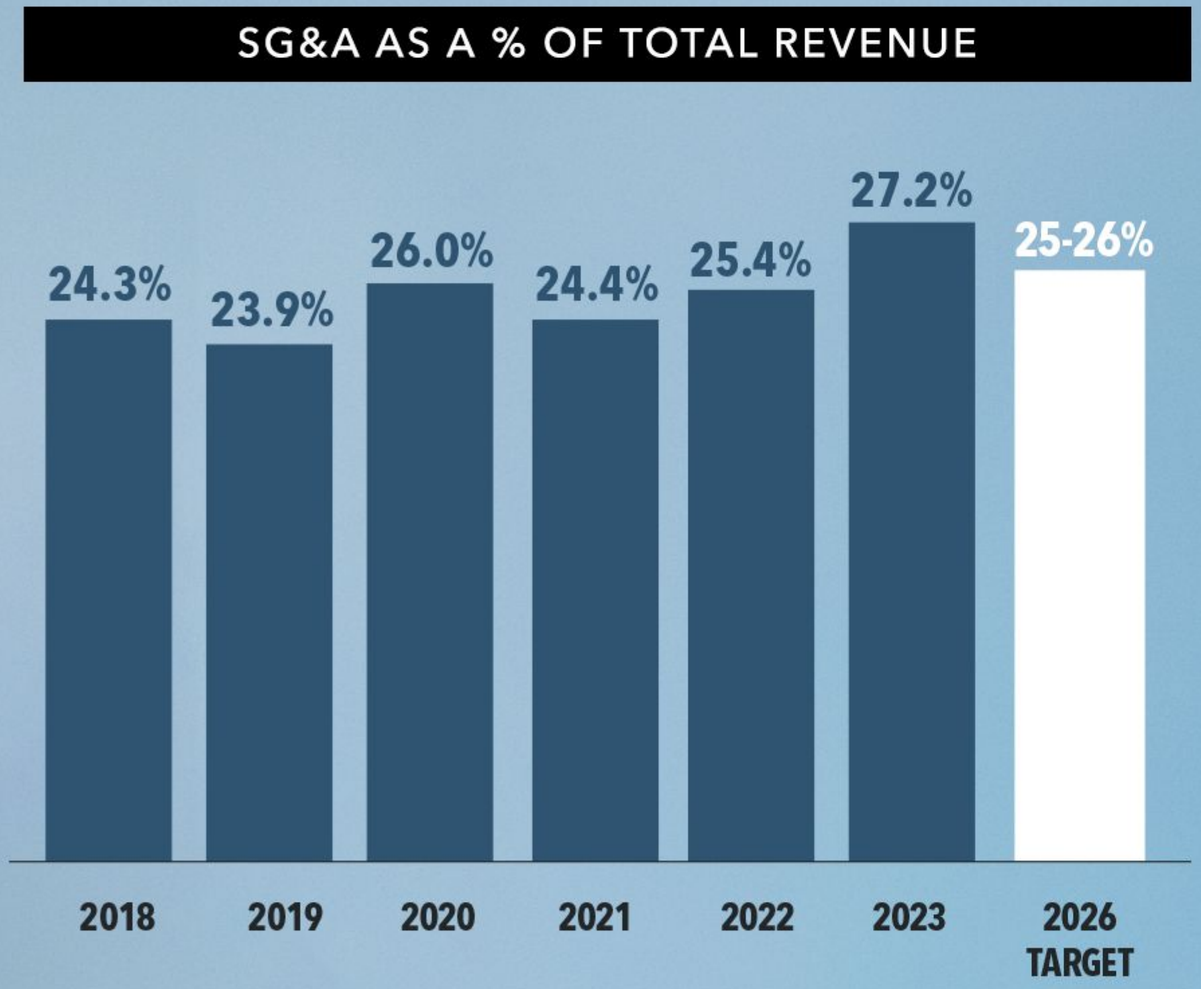


Drivers:

- Promotional Discipline
- Sourcing Opportunities
- Freight + Delivery Cost Efficiencies
- Leverage on BOW Expenses

(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

SG&A Opportunities



Leverage Drivers:

- Store & Corporate Compensation
- Professional Fees & Services
- Marketing Optimization
- Supplies & Packaging
- Repairs & Maintenance

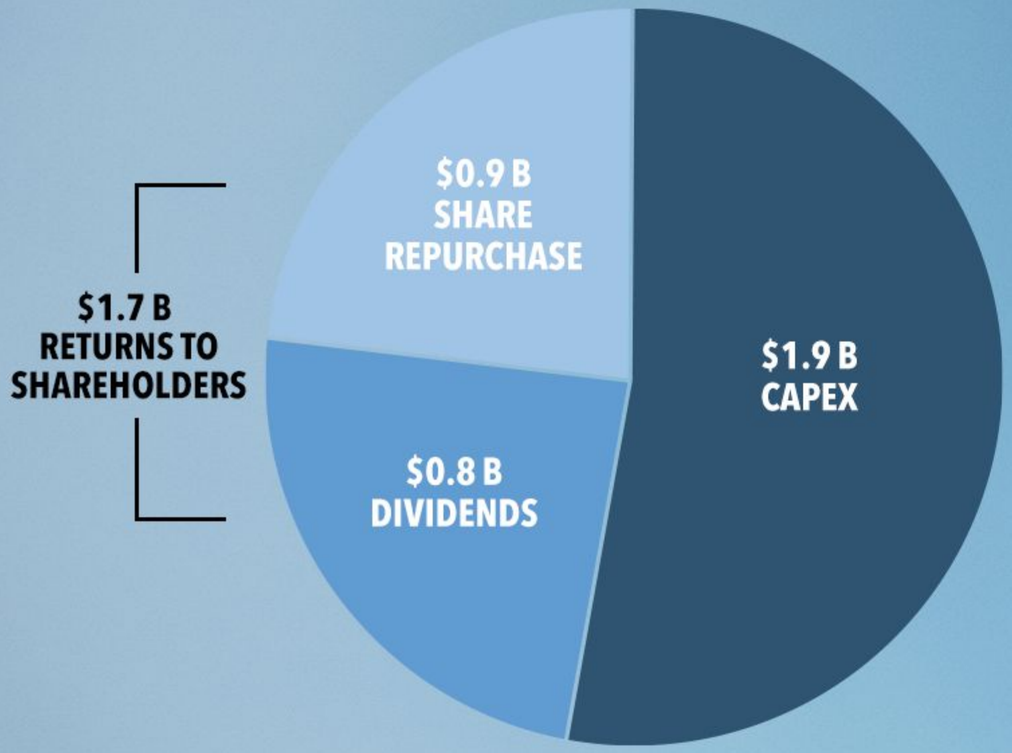
Path to ~10% Operating Margin



(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

Long History of Returns to Shareholders

2014-2023 CAPITAL ALLOCATION



2023 Actions

- ✓ Raised quarterly cash dividend by **25%**
- ✓ Repurchased **1M** shares
- ✓ Announced **30M** new share repurchase authorization

AEO's Value Creation Model

3-5% Revenue Growth + **Mid-to-High Teens** Operating Income Growth + **$200M to $250M** Capital Spend

Healthy Free Cash Flow

Cash Dividend + **Share Repurchase**

Double-Digit TSR Growth



AEO INC.

Appendix



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

	13 Weeks Ended	
	May 4, 2024	April 29, 2023
Net Revenue:		
American Eagle	$724,744	$671,092
Aerie	372,652	359,082
Other	54,984	109,357
Intersegment Elimination	(8,513)	(58,605)
Total Net Revenue	$1,143,867	$1,080,926
Operating Income:		
American Eagle	$138,585	$107,167
Aerie	61,327	56,604
Other	(14,848)	(16,307)
General corporate expenses	(107,228)	(103,358)
Impairment, restructuring and other charges	-	(21,275)
Total Operating Income	$77,836	$22,831

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

13 Weeks Ended (In thousands)	May 4, 2024	% of Revenue	April 29, 2023	% of Revenue
Total net revenue	$ 1,143,867	100.0%	$ 1,080,926	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	679,628	59.4%	667,747	61.8%
Gross profit	464,239	40.6%	413,179	38.2%
Selling, general and administrative expenses	333,493	29.2%	312,345	28.9%
Impairment and restructuring charges	-	0.0%	21,275	2.0%
Depreciation and amortization expense	52,910	4.6%	56,728	5.2%
Operating income	77,836	6.8%	22,831	2.1%
Interest (income) expense, net	(3,439)	(0.3%)	690	0.1%
Other (income), net	(1,396)	(0.1%)	(3,311)	(0.3%)
Income before income taxes	82,671	7.2%	25,452	2.3%
Provision for income taxes	14,919	1.3%	6,999	0.6%
Net income	67,752	5.9%	18,453	1.7%
Net income per basic share	$ 0.34		$ 0.09	
Net income per diluted share	$ 0.34		$ 0.09	
Weighted average common shares outstanding - basic	196,429		194,487	
Weighted average common shares outstanding - diluted	201,310		197,160	

GAAP to Non-GAAP Reconciliation

13 Weeks ended April 29, 2023 (in thousands, except per share amounts)	Operating Income	Income Tax Expense	Net Income	Diluted Earnings per Share
GAAP Basis	$22,831	$6,999	$18,453	$0.09
% of Revenue	2.1%		1.7%	
Add: Impairment, restructuring, and other charges[1]	$21,275		$15,424	$0.08
Tax effect of the above[2]		$5,851		
Non-GAAP Basis	$44,106	$12,850	$33,877	$0.17
% of Revenue	4.1%		3.1%	

(1) $21.3 million of charges related to the Quiet Platforms restructuring.

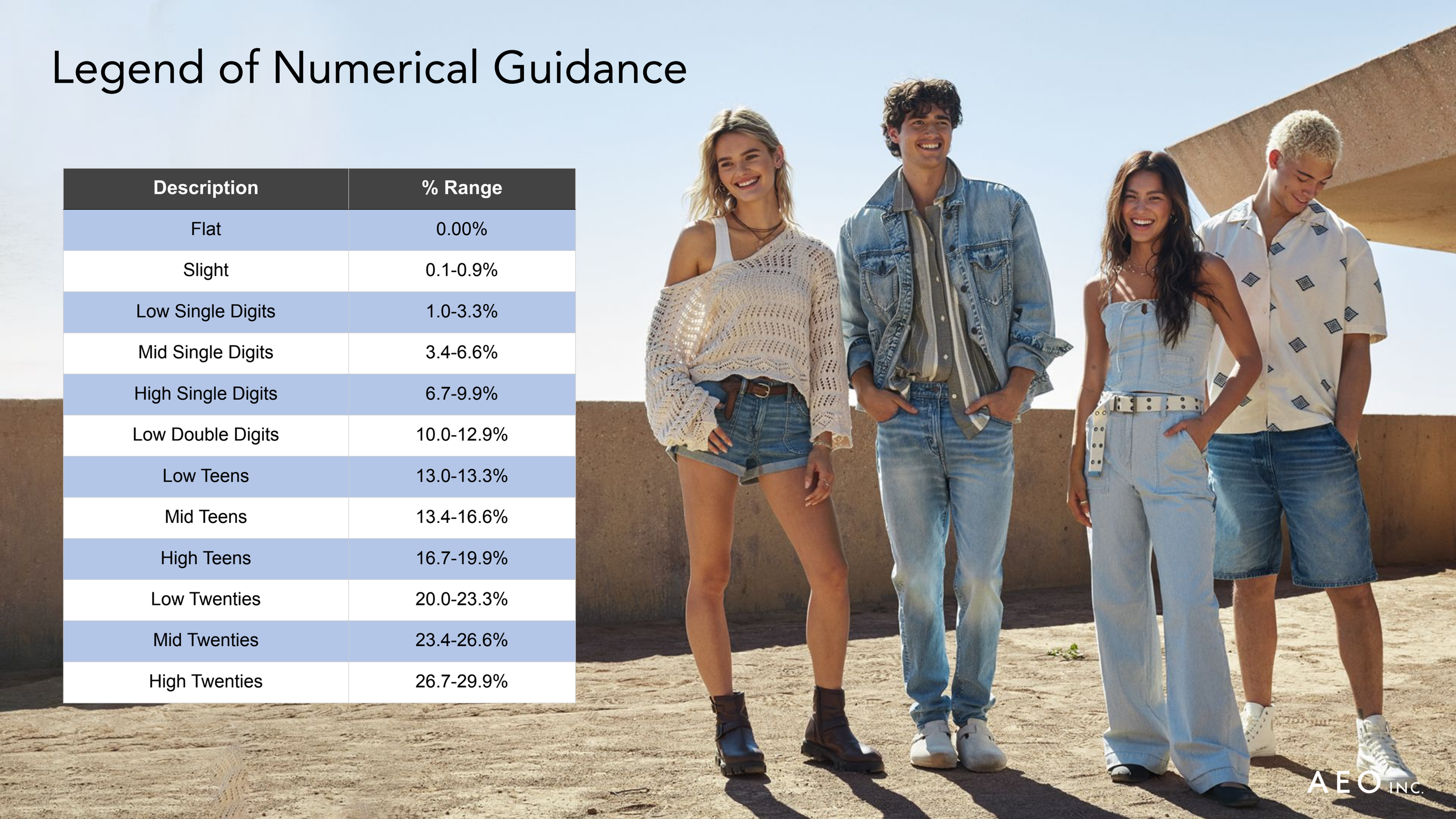
(2) The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

GAAP to Non-GAAP Reconciliation

Fiscal 2023 (in thousands)	**Gross Profit**	**Gross Margin**	**Operating Income**	**Operating Margin**
GAAP basis	$2,024.6	38.5%	$222.7	4.2%
Impairment and restructuring charges:				
Quiet Platforms	$ -		$119.6	
International	$11.0		$21.9	
U.S. and Canada	$ -		$ -	
Corporate	$ -		$11.2	
Non-GAAP basis	$2,035.6	38.7%	$375.4	7.1%

Legend of Numerical Guidance

Description	% Range
Flat	0.00%
Slight	0.1-0.9%
Low Single Digits	1.0-3.3%
Mid Single Digits	3.4-6.6%
High Single Digits	6.7-9.9%
Low Double Digits	10.0-12.9%
Low Teens	13.0-13.3%
Mid Teens	13.4-16.6%
High Teens	16.7-19.9%
Low Twenties	20.0-23.3%
Mid Twenties	23.4-26.6%
High Twenties	26.7-29.9%



AEO INC.