

AMERICAN EAGLE OUTFITTERS, INC.
Consolidated Balance Sheets

	February 1, 2020	February 2, 2019
<i>(In thousands, except per share amounts)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 361,930	\$ 333,330
Short-term investments (available for sale)	55,000	92,135
Merchandise inventory	446,278	424,404
Accounts receivable, net	119,064	93,477
Prepaid expenses and other	65,658	102,907
Total current assets	1,047,930	1,046,253
Property and equipment, at cost, net of accumulated depreciation	735,120	742,149
Operating lease right-of-use assets	1,418,916	-
Intangible assets, net, including goodwill	53,004	58,167
Non-current deferred income taxes	22,724	14,062
Other assets	50,985	42,747
Total assets	<u>\$ 3,328,679</u>	<u>\$ 1,903,378</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 285,746	\$ 240,671
Current portion of operating lease liabilities	299,161	-
Accrued income and other taxes	9,514	20,064
Accrued compensation and payroll taxes	43,537	82,173
Unredeemed gift cards and gift certificates	56,974	53,997
Other current liabilities and accrued expenses	56,824	145,740
Total current liabilities	751,756	542,645
Non-current liabilities:		
Non-current operating lease liabilities	1,301,735	-
Other non-current liabilities	27,335	73,178
Total non-current liabilities	1,329,070	73,178
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value; 600,000 shares authorized; 249,566 shares issued; 166,993 and 172,436 shares outstanding, respectively	2,496	2,496
Contributed capital	577,856	574,929
Accumulated other comprehensive loss, net of tax	(33,168)	(34,832)
Retained earnings	2,108,292	2,054,654
Treasury stock, 82,573 and 77,130 shares, respectively, at cost	(1,407,623)	(1,309,692)
Total stockholders' equity	1,247,853	1,287,555
Total liabilities and stockholders' equity	<u>\$ 3,328,679</u>	<u>\$ 1,903,378</u>

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
Consolidated Statements of Operations

	For the Years Ended		
	February 1, 2020	February 2, 2019	February 3, 2018
<i>(In thousands, except per share amounts)</i>			
Total net revenue	\$ 4,308,212	\$ 4,035,720	\$ 3,795,549
Cost of sales, including certain buying, occupancy and warehousing expenses	2,785,911	2,548,082	2,425,044
Gross profit	1,522,301	1,487,638	1,370,505
Selling, general and administrative expenses	1,029,412	980,610	879,685
Impairment and restructuring charges	80,494	1,568	20,611
Depreciation and amortization expense	179,050	168,331	167,421
Operating income	233,345	337,129	302,788
Other income (expense), net	11,933	7,971	(15,615)
Income before income taxes	245,278	345,100	287,173
Provision for income taxes	54,021	83,198	83,010
Net income	\$ 191,257	\$ 261,902	\$ 204,163
Basic net income per common share	\$ 1.13	\$ 1.48	\$ 1.15
Diluted net income per common share	\$ 1.12	\$ 1.47	\$ 1.13
Weighted average common shares outstanding - basic	169,711	176,476	177,938
Weighted average common shares outstanding - diluted	170,867	178,035	180,156

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
Consolidated Statements of Comprehensive Income

<i>(In thousands)</i>	For the Years Ended		
	February 1, 2020	February 2, 2019	February 3, 2018
Net income	\$ 191,257	\$ 261,902	\$ 204,163
Other comprehensive gain (loss):			
Foreign currency translation gain (loss)	1,664	(4,037)	5,667
Other comprehensive gain (loss)	1,664	(4,037)	5,667
Comprehensive income	<u>\$ 192,921</u>	<u>\$ 257,865</u>	<u>\$ 209,830</u>

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
Consolidated Statements of Stockholders' Equity

<i>(In thousands, except per share amounts)</i>	Shares Outstanding (1)	Common Stock	Contributed Capital	Retained Earnings	Treasury Stock (2)	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
Balance at January 28, 2017	181,886	\$ 2,496	\$ 603,890	\$ 1,775,775	\$ (1,141,130)	\$ (36,462)	\$ 1,204,569
Stock awards	—	—	17,202	—	—	—	17,202
Repurchase of common stock as part of publicly announced programs	(6,000)	—	—	—	(87,672)	—	(87,672)
Repurchase of common stock from employees	(871)	—	—	—	(12,513)	—	(12,513)
Reissuance of treasury stock	2,301	—	(29,632)	(5,488)	39,043	—	3,923
Net income	—	—	—	204,163	—	—	204,163
Other comprehensive loss	—	—	—	—	—	5,667	5,667
Cash dividends and dividend equivalents (\$0.50 per share)	—	—	2,310	(90,858)	—	—	(88,548)
Balance at February 3, 2018	177,316	\$ 2,496	\$ 593,770	\$ 1,883,592	\$ (1,202,272)	\$ (30,795)	\$ 1,246,791
Stock awards	—	—	27,057	—	—	—	27,057
Repurchase of common stock as part of publicly announced programs	(7,300)	—	—	—	(144,405)	—	(144,405)
Repurchase of common stock from employees	(943)	—	—	—	(19,668)	—	(19,668)
Reissuance of treasury stock	3,363	—	(48,022)	8,407	56,653	—	17,038
Net income	—	—	—	261,902	—	—	261,902
Other comprehensive loss	—	—	—	—	—	(4,037)	(4,037)
Cash dividends and dividend equivalents (\$0.55 per share)	—	—	2,124	(99,247)	—	—	(97,123)
Balance at February 2, 2019	172,436	\$ 2,496	\$ 574,929	\$ 2,054,654	\$ (1,309,692)	\$ (34,832)	\$ 1,287,555
Stock awards	—	—	22,742	—	—	—	22,742
Repurchase of common stock as part of publicly announced programs	(6,336)	—	—	—	(112,381)	—	(112,381)
Repurchase of common stock from employees	(431)	—	—	—	(8,087)	—	(8,087)
Adoption of ASC 842, net of tax	—	—	—	(44,435)	—	—	(44,435)
Reissuance of treasury stock	1,324	—	(22,175)	1,959	22,537	—	2,321
Net income	—	—	—	191,257	—	—	191,257
Other comprehensive loss	—	—	—	—	—	1,664	1,664
Cash dividends and dividend equivalents (\$0.55 per share)	—	—	2,360	(95,143)	—	—	(92,783)
Balance at February 1, 2020	166,993	\$ 2,496	\$ 577,856	\$ 2,108,292	\$ (1,407,623)	\$ (33,168)	\$ 1,247,853

- (1) 600,000 authorized, 249,566 issued and 166,993 outstanding, \$0.01 par value common stock at February 1, 2020; 600,000 authorized, 249,566 issued and 172,436 outstanding, \$0.01 par value common stock at February 2, 2019; 600,000 authorized, 249,566 issued and 177,316 outstanding, \$0.01 par value common stock at February 3, 2018; 600,000 authorized, 249,566 issued and 181,886 outstanding, \$0.01 par value common stock at January 28, 2017. The Company has 5,000 authorized, with none issued or outstanding, \$0.01 par value preferred stock for all periods presented.
- (2) 82,573 shares, 77,130 shares and 72,250 shares at February 1, 2020, February 2, 2019 and February 3, 2018 respectively. During Fiscal 2019, Fiscal 2018, and Fiscal 2017, 1,324 shares, 3,363 shares, and 2,301 shares, respectively, were reissued from treasury stock for the issuance of share-based payments.

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
Consolidated Statements of Cash Flows

(In thousands)	For the Years Ended		
	February 1, 2020	February 2, 2019	February 3, 2018
Operating activities:			
Net income	\$ 191,257	\$ 261,902	\$ 204,163
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	181,379	170,504	169,473
Share-based compensation	23,038	27,506	16,890
Deferred income taxes	6,541	(4,391)	44,312
Loss on impairment of assets	66,252	546	—
Changes in assets and liabilities:			
Merchandise inventory	(21,615)	(28,496)	(35,912)
Operating lease assets	261,303	—	—
Operating lease liabilities	(271,519)	—	—
Other assets	(32,845)	(22,206)	13,755
Accounts payable	44,949	4,329	(16,663)
Accrued compensation and payroll taxes	(38,603)	28,043	1,289
Accrued and other liabilities	5,279	18,908	(2,881)
Net cash provided by operating activities	415,416	456,645	394,426
Investing activities:			
Capital expenditures for property and equipment	(210,360)	(189,021)	(169,469)
Purchase of available-for-sale investments	(85,000)	(202,912)	—
Sale of available-for-sale investments	122,135	109,776	—
Other investing activities	(1,669)	(672)	(2,681)
Net cash used for investing activities	(174,894)	(282,829)	(172,150)
Financing activities:			
Repurchase of common stock as part of publicly announced programs	(112,381)	(144,405)	(87,682)
Repurchase of common stock from employees	(8,087)	(19,668)	(12,513)
Net proceeds from stock options exercised	2,119	15,495	3,355
Cash dividends paid	(92,783)	(97,123)	(88,548)
Other financing activities	(94)	(6,802)	(3,384)
Net cash used for financing activities	(211,226)	(252,503)	(188,772)
Effect of exchange rates on cash	(696)	(1,596)	1,496
Net change in cash and cash equivalents	28,600	(80,283)	35,000
Cash and cash equivalents - beginning of period	\$ 333,330	\$ 413,613	\$ 378,613
Cash and cash equivalents - end of period	<u>361,930</u>	<u>333,330</u>	<u>413,613</u>

Refer to Notes to Consolidated Financial Statements