

**GUESS?, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

|  | February 3,<br>2018 | January 28,<br>2017 |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and cash equivalents .....  | \$ 367,441          | \$ 396,129          |
| Accounts receivable, net .....   | 259,996             | 225,537             |
| Inventories .....  | 428,304             | 367,381             |
| Other current assets .....   | 52,964              | 54,965              |
| Total current assets .....   | 1,108,705           | 1,044,012           |
| Property and equipment, net .....  | 294,254             | 243,005             |
| Goodwill .....   | 38,481              | 34,100              |
| Other intangible assets, net .....   | 5,977               | 6,504               |
| Deferred tax assets .....  | 68,386              | 82,793              |
| Restricted cash .....  | 241                 | 1,521               |
| Other assets .....   | 139,590             | 122,550             |
|  | <u>\$ 1,655,634</u> | <u>\$ 1,534,485</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                     |                     |
| Current liabilities:   |                     |                     |
| Current portion of capital lease obligations and borrowings .....  | \$ 2,845            | \$ 566              |
| Accounts payable .....   | 264,438             | 209,616             |
| Accrued expenses .....   | 200,562             | 135,271             |
| Total current liabilities .....  | 467,845             | 345,453             |
| Long-term debt and capital lease obligations .....   | 39,196              | 23,482              |
| Deferred rent and lease incentives .....   | 81,564              | 80,209              |
| Other long-term liabilities .....  | 127,964             | 99,895              |
|  | 716,569             | 549,039             |
| Redeemable noncontrolling interests .....  | 5,590               | 4,452               |
| Commitments and contingencies (Note 14)  |                     |                     |
| Stockholders' equity:  |                     |                     |
| Preferred stock, \$.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding .....   | —                   | —                   |
| Common stock, \$.01 par value. Authorized 150,000,000 shares; issued 141,623,687 and 140,509,974 shares, outstanding 81,371,118 and 84,069,492 shares, as of February 3, 2018 and January 28, 2017, respectively ..... | 813                 | 841                 |
| Paid-in capital .....  | 498,249             | 480,435             |
| Retained earnings .....  | 1,132,173           | 1,215,079           |
| Accumulated other comprehensive loss .....   | (93,062)            | (161,389)           |
| Treasury stock, 60,252,569 and 56,440,482 shares as of February 3, 2018 and January 28, 2017, respectively .....   | (621,354)           | (565,744)           |
| Guess?, Inc. stockholders' equity .....  | 916,819             | 969,222             |
| Nonredeemable noncontrolling interests .....   | 16,656              | 11,772              |
| Total stockholders' equity .....   | 933,475             | 980,994             |
|  | <u>\$ 1,655,634</u> | <u>\$ 1,534,485</u> |

*See accompanying notes to consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(in thousands, except per share data)

|  | Year Ended<br>Feb 3, 2018 | Year Ended<br>Jan 28, 2017 | Year Ended<br>Jan 30, 2016 |
|--|---------------------------|----------------------------|----------------------------|
| Product sales.....   | \$ 2,290,999              | \$ 2,118,534               | \$ 2,100,454               |
| Net royalties.....   | 72,755                    | 71,919                     | 84,041                     |
| Net revenue.....   | 2,363,754                 | 2,190,453                  | 2,184,495                  |
| Cost of product sales .....  | 1,534,906                 | 1,445,413                  | 1,397,065                  |
| Gross profit.....  | 828,848                   | 745,040                    | 787,430                    |
| Selling, general and administrative expenses.....  | 743,823                   | 682,559                    | 666,130                    |
| Net (gains) losses on lease terminations.....  | 11,373                    | (695)                      | (2,337)                    |
| Asset impairment charges.....  | 8,479                     | 34,385                     | 2,287                      |
| Restructuring charges .....  | —                         | 6,083                      | —                          |
| Earnings from operations .....   | 65,173                    | 22,708                     | 121,350                    |
| Other income (expense):  |                           |                            |                            |
| Interest expense.....  | (2,431)                   | (1,897)                    | (1,953)                    |
| Interest income .....  | 4,106                     | 1,890                      | 1,045                      |
| Other income, net.....   | 3,423                     | 30,909                     | 6,837                      |
|  | 5,098                     | 30,902                     | 5,929                      |
| Earnings before income tax expense .....   | 70,271                    | 53,610                     | 127,279                    |
| Income tax expense .....   | 74,172                    | 28,212                     | 42,464                     |
| Net earnings (loss).....   | (3,901)                   | 25,398                     | 84,815                     |
| Net earnings attributable to noncontrolling interests.....                                       | 3,993                     | 2,637                      | 2,964                      |
| Net earnings (loss) attributable to Guess?, Inc. ....  | <u>\$ (7,894)</u>         | <u>\$ 22,761</u>           | <u>\$ 81,851</u>           |
| <b>Net earnings (loss) per common share attributable to common stockholders (Note 18):</b>       |                           |                            |                            |
| Basic.....   | \$ (0.11)                 | \$ 0.27                    | \$ 0.97                    |
| Diluted.....   | \$ (0.11)                 | \$ 0.27                    | \$ 0.96                    |
| <b>Weighted average common shares outstanding attributable to common stockholders (Note 18):</b> |                           |                            |                            |
| Basic.....   | 82,189                    | 83,666                     | 84,264                     |
| Diluted.....   | 82,189                    | 83,829                     | 84,525                     |
| Dividends declared per common share.....   | \$ 0.90                   | \$ 0.90                    | \$ 0.90                    |

*See accompanying notes to consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|  | Year Ended<br>Feb 3, 2018 | Year Ended<br>Jan 28, 2017 | Year Ended<br>Jan 30, 2016 |
|--|---------------------------|----------------------------|----------------------------|
| Cash flows from operating activities:  |                           |                            |                            |
| Net earnings (loss) .....  | \$ (3,901)                | \$ 25,398                  | \$ 84,815                  |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: |                           |                            |                            |
| Depreciation and amortization of property and equipment....                                | 62,083                    | 67,480                     | 68,588                     |
| Amortization of intangible assets .....  | 1,505                     | 1,839                      | 2,096                      |
| Share-based compensation expense .....   | 18,852                    | 16,908                     | 18,880                     |
| Unrealized forward contract (gains) losses .....   | 3,087                     | (3,157)                    | (1,937)                    |
| Deferred income taxes .....  | 23,802                    | 408                        | 723                        |
| Net (gain) loss on disposition of property and equipment and long-term assets .....        | 6,891                     | 11,809                     | (4,255)                    |
| Other items, net .....   | (7,832)                   | 3,495                      | 3,442                      |
| Changes in operating assets and liabilities:   |                           |                            |                            |
| Accounts receivable .....  | (11,656)                  | (10,805)                   | (5,970)                    |
| Inventories .....  | (28,120)                  | (57,096)                   | (2,179)                    |
| Prepaid expenses and other assets .....  | (429)                     | (1,839)                    | (67)                       |
| Accounts payable and accrued expenses .....  | 69,299                    | 19,054                     | 33,510                     |
| Deferred rent and lease incentives .....   | 1,221                     | 3,117                      | (3,384)                    |
| Other long-term liabilities .....  | 13,568                    | (4,871)                    | (14,594)                   |
| Net cash provided by operating activities .....  | 148,370                   | 71,740                     | 179,668                    |
| Cash flows from investing activities:  |                           |                            |                            |
| Purchases of property and equipment .....  | (84,655)                  | (90,581)                   | (83,844)                   |
| Proceeds from sale of long-term assets .....   | 1,052                     | 43,399                     | —                          |
| Changes in other assets .....  | 753                       | —                          | 2,614                      |
| Acquisition of businesses, net of cash acquired .....                                      | (4,850)                   | (2,068)                    | (1,330)                    |
| Net cash settlement of forward contracts .....   | (2,150)                   | 266                        | 9,014                      |
| Purchases of investments .....   | (497)                     | —                          | —                          |
| Net cash used in investing activities .....  | (90,347)                  | (48,984)                   | (73,546)                   |
| Cash flows from financing activities:  |                           |                            |                            |
| Payment of debt issuance costs .....   | —                         | (111)                      | (1,072)                    |
| Proceeds from borrowings .....   | 166                       | 21,500                     | 948                        |
| Repayment of borrowings and capital lease obligations .....                                | (1,633)                   | (4,747)                    | (1,518)                    |
| Dividends paid .....   | (76,057)                  | (76,503)                   | (76,860)                   |
| Purchase of redeemable noncontrolling interest .....                                       | —                         | (4,445)                    | —                          |
| Noncontrolling interest capital contribution .....   | 962                       | 2,157                      | 871                        |
| Noncontrolling interest capital distribution .....   | (1,358)                   | (2,759)                    | (4,075)                    |
| Issuance of common stock, net of tax withholdings on vesting of stock awards .....         | (690)                     | (594)                      | (2,220)                    |
| Purchase of treasury stock .....   | (50,127)                  | (3,532)                    | (44,053)                   |
| Net cash used in financing activities .....  | (128,737)                 | (69,034)                   | (127,979)                  |
| Effect of exchange rates on cash, cash equivalents and restricted cash .....               | 40,746                    | (2,071)                    | (15,964)                   |
| Net change in cash, cash equivalents and restricted cash .....                             | (29,968)                  | (48,349)                   | (37,821)                   |
| Cash, cash equivalents and restricted cash at the beginning of the year .....              | 397,650                   | 445,999                    | 483,820                    |
| Cash, cash equivalents and restricted cash at the end of the year                          | <u>\$ 367,682</u>         | <u>\$ 397,650</u>          | <u>\$ 445,999</u>          |
| Supplemental cash flow data:   |                           |                            |                            |
| Interest paid .....  | \$ 2,078                  | \$ 1,225                   | \$ 868                     |
| Income taxes paid .....  | \$ 26,907                 | \$ 24,869                  | \$ 31,188                  |
| Non-cash investing and financing activity:   |                           |                            |                            |
| Assets acquired under capital lease obligations .....                                      | \$ 18,502                 | \$ —                       | \$ —                       |

*See accompanying notes to consolidated financial statements.*