

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

	January 28, 2017	January 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 396,129	\$ 445,480
Accounts receivable, net	225,537	222,359
Inventories	367,381	311,704
Other current assets	54,965	56,709
Total current assets	1,044,012	1,036,252
Property and equipment, net	243,005	255,344
Goodwill	34,100	33,412
Other intangible assets, net	6,504	7,269
Deferred tax assets	82,793	83,613
Other assets	124,071	122,858
	<u>\$ 1,534,485</u>	<u>\$ 1,538,748</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of borrowings and capital lease obligations	\$ 566	\$ 4,024
Accounts payable	209,616	177,505
Accrued expenses	135,271	145,530
Total current liabilities	345,453	327,059
Long-term debt	23,482	2,318
Deferred rent and lease incentives	80,209	76,968
Other long-term liabilities	99,895	95,858
	549,039	502,203
Redeemable noncontrolling interests	4,452	5,252
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 140,509,974 and 140,028,937 shares, outstanding 84,069,492 and 83,833,937 shares, as of January 28, 2017 and January 30, 2016, respectively	841	838
Paid-in capital	480,435	468,574
Retained earnings	1,215,079	1,269,775
Accumulated other comprehensive loss	(161,389)	(158,054)
Treasury stock, 56,440,482 and 56,195,000 shares as of January 28, 2017 and January 30, 2016, respectively	(565,744)	(562,658)
Guess?, Inc. stockholders' equity	969,222	1,018,475
Nonredeemable noncontrolling interests	11,772	12,818
Total stockholders' equity	980,994	1,031,293
	<u>\$ 1,534,485</u>	<u>\$ 1,538,748</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended Jan 28, 2017	Year Ended Jan 30, 2016	Year Ended Jan 31, 2015
Product sales	\$ 2,118,534	\$ 2,100,454	\$ 2,306,534
Net royalties	90,834	103,857	111,139
Net revenue	2,209,368	2,204,311	2,417,673
Cost of product sales	1,464,328	1,416,881	1,549,788
Gross profit	745,040	787,430	867,885
Selling, general and administrative expenses	681,864	663,793	717,207
Asset impairment charges	34,385	2,287	24,766
Restructuring charges	6,083	—	—
Earnings from operations	22,708	121,350	125,912
Other income (expense):			
Interest expense	(1,897)	(1,953)	(2,370)
Interest income	1,890	1,045	1,438
Other income, net	30,909	6,837	18,028
	30,902	5,929	17,096
Earnings before income tax expense	53,610	127,279	143,008
Income tax expense	28,212	42,464	45,824
Net earnings	25,398	84,815	97,184
Net earnings attributable to noncontrolling interests	2,637	2,964	2,614
Net earnings attributable to Guess?, Inc.	\$ 22,761	\$ 81,851	\$ 94,570
Net earnings per common share attributable to common stockholders (Note 18):			
Basic	\$ 0.27	\$ 0.97	\$ 1.11
Diluted	\$ 0.27	\$ 0.96	\$ 1.11
Weighted average common shares outstanding attributable to common stockholders (Note 18):			
Basic	83,666	84,264	84,604
Diluted	83,829	84,525	84,837
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 Jan 28, 2017	Year Ended Jan 30, 2016	Year Ended Jan 31, 2015
Cash flows from operating activities:			
Net earnings	\$ 25,398	\$ 84,815	\$ 97,184
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	67,480	68,588	82,066
Amortization of intangible assets	1,839	2,096	2,994
Share-based compensation expense	16,908	18,880	15,342
Unrealized forward contract gains	(3,157)	(1,937)	(7,949)
Deferred income taxes	408	723	(7,976)
Net (gain) loss on disposition of long-term assets and property and equipment	11,809	(4,255)	23,690
Other items, net	3,495	3,442	(4,447)
Changes in operating assets and liabilities:			
Accounts receivable	(10,805)	(5,970)	31,113
Inventories	(57,096)	(2,179)	2,264
Prepaid expenses and other assets	(2,123)	(306)	(8,945)
Accounts payable and accrued expenses	19,054	33,510	(54,847)
Deferred rent and lease incentives	3,117	(3,384)	(5,683)
Other long-term liabilities	(4,871)	(14,594)	(10,980)
Net cash provided by operating activities	71,456	179,429	153,826
Cash flows from investing activities:			
Purchases of property and equipment	(90,581)	(83,844)	(71,498)
Proceeds from sale of long-term assets	43,399	—	—
Changes in other assets	(1,009)	2,415	5,298
Proceeds from sale of investments	—	—	5,598
Acquisition of businesses, net of cash acquired	(2,068)	(1,330)	(887)
Net cash settlement of forward contracts	266	9,014	3,658
Net cash used in investing activities	(49,993)	(73,745)	(57,831)
Cash flows from financing activities:			
Payment of debt issuance costs	(111)	(1,072)	—
Proceeds from borrowings	21,500	948	1,707
Repayment of capital lease obligations and borrowings	(4,747)	(1,518)	(4,561)
Dividends paid	(76,503)	(76,860)	(77,005)
Purchase of redeemable noncontrolling interest	(4,445)	—	—
Noncontrolling interest capital contribution	2,157	871	—
Noncontrolling interest capital distribution	(2,759)	(4,075)	(355)
Issuance of common stock, net of tax withholdings on vesting of stock awards	(594)	(2,220)	87
Excess tax benefits from share-based compensation	284	239	440
Purchase of treasury stock	(3,532)	(44,053)	—
Net cash used in financing activities	(68,750)	(127,740)	(79,687)
Effect of exchange rates on cash and cash equivalents	(2,064)	(15,947)	(35,770)
Net change in cash and cash equivalents	(49,351)	(38,003)	(19,462)
Cash and cash equivalents at the beginning of the year	445,480	483,483	502,945
Cash and cash equivalents at the end of the year	\$ 396,129	\$ 445,480	\$ 483,483
Supplemental cash flow data:			
Interest paid	\$ 1,225	\$ 868	\$ 1,556
Income taxes paid	\$ 24,869	\$ 31,188	\$ 78,122

See accompanying notes to consolidated financial statements.