

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

	February 3, 2018	January 28, 2017
ASSETS		
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>
LIABILITIES AND STOCKHOLDERS' EQUITY		
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 Feb 3, 2018	Year Ended Jan 28, 2017	Year Ended 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.	\$ (7,894)	\$ 22,761	\$ 81,851
Net earnings (loss) per common share attributable to common stockholders (Note 18):			
Basic	\$ (0.11)	\$ 0.27	\$ 0.97
Diluted	\$ (0.11)	\$ 0.27	\$ 0.96
Weighted average common shares outstanding attributable to common stockholders (Note 18):			
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 Feb 3, 2018	Year Ended Jan 28, 2017	Year Ended 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	\$ 367,682	\$ 397,650	\$ 445,999
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.