

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

	February 1, 2020	February 2, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 284,613	\$ 210,460
Accounts receivable, net	327,281	321,995
Inventories	393,129	468,897
Other current assets	59,212	87,343
Total current assets	1,064,235	1,088,695
Property and equipment, net	288,112	315,558
Goodwill	34,777	37,072
Deferred tax assets	63,555	57,224
Restricted cash	215	535
Operating right-of-use assets	851,990	—
Other assets	126,078	150,121
	<u>\$ 2,428,962</u>	<u>\$ 1,649,205</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of borrowings and finance lease obligations	\$ 9,490	\$ 4,315
Accounts payable	232,761	286,657
Accrued expenses	204,096	252,392
Current portion of operating lease liabilities	192,066	—
Total current liabilities	638,413	543,364
Convertible senior notes, net	247,363	—
Long-term debt and finance lease obligations	32,770	35,012
Deferred rent and lease incentives	—	84,893
Long-term operating lease liabilities	714,079	—
Other long-term liabilities	130,259	127,438
	1,762,884	790,707
Redeemable noncontrolling interests	4,731	4,853
Commitments and contingencies (Note 15)		
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 142,867,947 and 142,707,300 shares, outstanding 65,848,510 and 81,379,660 shares, as of February 1, 2020 and February 2, 2019, respectively	658	814
Paid-in capital	563,004	523,331
Retained earnings	1,130,409	1,077,747
Accumulated other comprehensive loss	(139,910)	(126,179)
Treasury stock, 77,019,437 and 61,327,640 shares as of February 1, 2020 and February 2, 2019, respectively	(914,447)	(638,486)
Guess?, Inc. stockholders' equity	639,714	837,227
Nonredeemable noncontrolling interests	21,633	16,418
Total stockholders' equity	661,347	853,645
	<u>\$ 2,428,962</u>	<u>\$ 1,649,205</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 1, 2020	Year Ended Feb 2, 2019	Year Ended Feb 3, 2018
Product sales	\$ 2,592,262	\$ 2,526,500	\$ 2,290,999
Net royalties	85,847	83,194	72,755
Net revenue	2,678,109	2,609,694	2,363,754
Cost of product sales	1,662,401	1,670,090	1,534,906
Gross profit	1,015,708	939,604	828,848
Selling, general and administrative expenses	865,060	835,293	741,641
European Commission fine	—	45,637	—
Asset impairment charges	9,977	6,939	8,479
Net (gains) losses on lease terminations	—	(477)	11,373
Earnings from operations	140,671	52,212	67,355
Other income (expense):			
Interest expense	(16,129)	(3,407)	(2,431)
Interest income	1,729	4,494	4,106
Other income (expense), net	(2,529)	(6,591)	1,241
	(16,929)	(5,504)	2,916
Earnings before income tax expense	123,742	46,708	70,271
Income tax expense	22,513	29,542	74,172
Net earnings (loss)	101,229	17,166	(3,901)
Net earnings attributable to noncontrolling interests	5,254	3,067	3,993
Net earnings (loss) attributable to Guess?, Inc.	\$ 95,975	\$ 14,099	\$ (7,894)
<b>Net earnings (loss) per common share attributable to common stockholders (Note 19):</b>			
Basic	\$ 1.35	\$ 0.17	\$ (0.11)
Diluted	\$ 1.33	\$ 0.16	\$ (0.11)
<b>Weighted average common shares outstanding attributable to common stockholders (Note 19):</b>			
Basic	70,461	80,146	82,189
Diluted	71,669	81,589	82,189

*See accompanying notes to consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

	Year Ended Feb 1, 2020	Year Ended Feb 2, 2019	Year Ended Feb 3, 2018
Net earnings (loss)	\$ 101,229	\$ 17,166	\$ (3,901)
Other comprehensive income (loss) ("OCI"):			
Foreign currency translation adjustment			
Gains (losses) arising during the period	(17,114)	(52,733)	93,416
Derivative financial instruments designated as cash flow hedges			
Gains (losses) arising during the period	9,304	12,652	(23,388)
Less income tax effect	(988)	(1,690)	2,980
Reclassification to net earnings (loss) for (gains) losses realized	(7,904)	7,118	656
Less income tax effect	908	(712)	(242)
Defined benefit plans			
Net actuarial gains (losses)	406	1,733	(2,248)
Foreign currency and other adjustments	(34)	311	(269)
Less income tax effect	(30)	(528)	518
Net actuarial loss amortization	446	600	462
Prior service credit amortization	(39)	(28)	(27)
Less income tax effect	(38)	(76)	(83)
Total comprehensive income (loss)	86,146	(16,187)	67,874
Less comprehensive income attributable to noncontrolling interests:			
Net earnings	5,254	3,067	3,993
Foreign currency translation adjustment	629	(236)	2,238
Amounts attributable to noncontrolling interests	5,883	2,831	6,231
Comprehensive income (loss) attributable to Guess?, Inc.	\$ 80,263	\$ (19,018)	\$ 61,643

*See accompanying notes to consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands, except share data)

	Guess?, Inc. Stockholders' Equity								
	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Nonredeemable Noncontrolling Interests	Total
	Shares	Amount	Paid-in Capital			Shares	Amount		
Balance at January 28, 2017	84,069,492	\$ 841	\$ 480,435	\$ 1,215,079	\$ (161,389)	56,440,482	\$(565,744)	\$ 11,772	\$980,994
Cumulative adjustment from adoption of new accounting guidance	—	—	268	942	(1,210)	—	—	—	—
Net earnings (loss)	—	—	—	(7,894)	—	—	—	3,993	(3,901)
Other comprehensive income	—	—	—	—	69,537	—	—	2,238	71,775
Issuance of common stock under stock compensation plans including tax effect	1,113,713	10	(1,267)	—	—	—	—	—	(1,257)
Issuance of stock under Employee Stock Purchase Plan	54,300	—	17	—	—	(54,300)	549	—	566
Share-based compensation	—	—	18,758	94	—	—	—	—	18,852
Dividends	—	—	—	(76,048)	—	—	—	—	(76,048)
Share repurchases	(3,866,387)	(38)	38	—	—	3,866,387	(56,159)	—	(56,159)
Noncontrolling interest capital contribution	—	—	—	—	—	—	—	11	11
Noncontrolling interest capital distribution	—	—	—	—	—	—	—	(1,358)	(1,358)
Balance at February 3, 2018	81,371,118	\$ 813	\$ 498,249	\$ 1,132,173	\$ (93,062)	60,252,569	\$(621,354)	\$ 16,656	\$933,475
Cumulative adjustment from adoption of new accounting guidance	—	—	—	5,829	—	—	—	—	5,829
Net earnings	—	—	—	14,099	—	—	—	3,067	17,166
Other comprehensive loss	—	—	—	—	(33,117)	—	—	(236)	(33,353)
Issuance of common stock under stock compensation plans including tax effect	1,083,613	12	4,994	—	—	—	—	—	5,006
Issuance of stock under Employee Stock Purchase Plan	43,737	—	283	—	—	(43,737)	455	—	738
Share-based compensation	—	—	19,794	179	—	—	—	—	19,973
Dividends	—	—	—	(74,533)	—	—	—	—	(74,533)
Share repurchases	(1,118,808)	(11)	11	—	—	1,118,808	(17,587)	—	(17,587)
Noncontrolling interest capital distribution	—	—	—	—	—	—	—	(3,069)	(3,069)
Balance at February 2, 2019	81,379,660	\$ 814	\$ 523,331	\$ 1,077,747	\$ (126,179)	61,327,640	\$(638,486)	\$ 16,418	\$853,645
Cumulative adjustment from adoption of new accounting guidance	—	—	—	(1,684)	1,981	—	—	—	297
Net earnings	—	—	—	95,975	—	—	—	5,254	101,229
Other comprehensive income (loss)	—	—	—	—	(15,712)	—	—	629	(15,083)
Issuance of common stock under stock compensation plans including tax effect	1,155,166	10	(8,699)	—	—	(994,519)	11,490	—	2,801
Issuance of stock under Employee Stock Purchase Plan	53,424	1	166	—	—	(53,424)	616	—	783
Share-based compensation	—	—	24,079	211	—	—	—	—	24,290
Dividends	—	—	—	(41,840)	—	—	—	—	(41,840)
Share repurchases	(16,739,740)	(167)	167	—	—	16,739,740	(288,067)	—	(288,067)
Noncontrolling interest capital distribution	—	—	—	—	—	—	—	(668)	(668)
Equity component value of convertible note issuance, net	—	—	42,320	—	—	—	—	—	42,320
Sale of common stock warrant	—	—	28,080	—	—	—	—	—	28,080
Purchase of convertible note hedge	—	—	(46,440)	—	—	—	—	—	(46,440)
Balance at February 1, 2020	65,848,510	\$ 658	\$ 563,004	\$ 1,130,409	\$ (139,910)	77,019,437	\$(914,447)	\$ 21,633	\$661,347

*See accompanying notes to consolidated financial statements.*

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

	Year Ended Feb 1, 2020	Year Ended Feb 2, 2019	Year Ended Feb 3, 2018
Cash flows from operating activities:			
Net earnings (loss)	\$ 101,229	\$ 17,166	\$ (3,901)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	72,188	68,357	63,588
Amortization of debt discount	7,558	—	—
Amortization of debt issuance costs	919	—	—
Share-based compensation expense	24,290	19,973	18,852
Forward contract (gains) losses	(542)	(138)	3,087
Deferred income taxes	(5,655)	5,422	23,802
Net loss on disposition and impairment of property and equipment and long-term assets	11,051	7,267	6,891
Other items, net	5,736	13,297	(7,832)
Changes in operating assets and liabilities:			
Accounts receivable	(12,458)	(41,519)	(11,656)
Inventories	65,428	(74,275)	(28,120)
Prepaid expenses and other assets	14,739	(27,042)	(429)
Operating lease assets and liabilities, net	1,802	—	—
Accounts payable and accrued expenses	(87,423)	84,531	69,299
Other long-term liabilities	(949)	8,640	14,789
Net cash provided by operating activities	197,913	81,679	148,370
Cash flows from investing activities:			
Purchases of property and equipment	(61,868)	(108,117)	(84,655)
Proceeds from sale of business and long-term assets	4,473	—	1,052
Acquisition of businesses, net of cash acquired	—	(6,404)	(4,850)
Net cash settlement of forward contracts	162	1,444	(2,150)
Purchases of investments	—	(10,451)	(497)
Other investing activities	762	—	753
Net cash used in investing activities	(56,471)	(123,528)	(90,347)
Cash flows from financing activities:			
Proceeds from short-term borrowings	137,282	22,728	166
Repayments of short-term borrowings	(132,625)	(23,024)	(107)
Proceeds from issuance of convertible senior notes	300,000	—	—
Proceeds from issuance of warrants	28,080	—	—
Purchase of convertible note hedges	(60,990)	—	—
Convertible debt issuance costs	(5,276)	—	—
Repayment of finance lease obligations and borrowings	(3,350)	(1,983)	(1,526)
Dividends paid	(42,135)	(73,594)	(76,057)
Noncontrolling interest capital contribution	—	—	962
Noncontrolling interest capital distribution	(668)	(3,069)	(1,358)
Issuance of common stock, net of tax withholdings on vesting of stock awards	3,584	5,744	(690)
Purchase of treasury stock	(288,067)	(23,620)	(50,127)
Net cash used in financing activities	(64,165)	(96,818)	(128,737)
Effect of exchange rates on cash, cash equivalents and restricted cash	(3,444)	(18,020)	40,746
Net change in cash, cash equivalents and restricted cash	73,833	(156,687)	(29,968)
Cash, cash equivalents and restricted cash at the beginning of the year	210,995	367,682	397,650
Cash, cash equivalents and restricted cash at the end of the year	\$ 284,828	\$ 210,995	\$ 367,682
Supplemental cash flow data:			
Interest paid	\$ 5,248	\$ 2,731	\$ 2,078
Income taxes paid, net of refunds	15,112	40,772	26,907
Non-cash investing and financing activity:			
Assets acquired under finance lease obligations	\$ 3,070	\$ 1,172	\$ 18,502
Sale of retail locations	3,558	—	—