

J.CREW GROUP, INC.

Consolidated Balance Sheets
(in thousands, except share data)

	February 2, 2019	February 3, 2018
ASSETS		(As adjusted)
Current assets:		
Cash and cash equivalents	\$ 25,738	\$ 107,066
Restricted cash	13,747	—
Accounts receivable, net	40,342	23,191
Merchandise inventories, net	390,470	292,489
Prepaid expenses and other current assets	84,942	69,157
Refundable income taxes	7,331	1,622
Total current assets	<u>562,570</u>	<u>493,525</u>
Property and equipment, at cost	465,967	555,351
Less accumulated depreciation	<u>(222,347)</u>	<u>(265,910)</u>
Property and equipment, net	<u>243,620</u>	<u>289,441</u>
Intangible assets, net	301,397	308,702
Goodwill	107,900	107,900
Other assets	6,164	6,374
Total assets	<u><u>\$ 1,221,651</u></u>	<u><u>\$ 1,205,942</u></u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 259,705	\$ 232,480
Other current liabilities	244,864	177,206
Borrowings under the ABL Facility	70,800	—
Due to Parent	37,462	38,210
Interest payable	23,866	21,914
Current portion of long-term debt	32,070	15,670
Total current liabilities	<u>668,767</u>	<u>485,480</u>
Long-term debt, net	1,673,282	1,697,812
Lease-related deferred credits, net	106,037	117,688
Deferred income taxes, net	16,872	27,752
Other liabilities	28,936	30,168
Total liabilities	<u>2,493,894</u>	<u>2,358,900</u>
Stockholders' deficit:		
Common stock \$0.01 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	733,229	733,071
Accumulated other comprehensive loss	(1,967)	(2,603)
Accumulated deficit	<u>(2,003,505)</u>	<u>(1,883,426)</u>
Total stockholders' deficit	<u>(1,272,243)</u>	<u>(1,152,958)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 1,221,651</u></u>	<u><u>\$ 1,205,942</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

J.CREW GROUP, INC.

Consolidated Statements of Operations and Comprehensive Loss
(in thousands)

	For the Year Ended		
	February 2, 2019	February 3, 2018(a)	January 28, 2017
Revenues:		(As adjusted)	(As adjusted)
Net sales	\$ 2,308,695	\$ 2,267,810	\$ 2,360,010
Other	175,299	105,885	71,585
Total revenues	2,483,994	2,373,695	2,431,595
Cost of goods sold, including buying and occupancy costs	1,648,330	1,476,064	1,550,305
Gross profit	835,664	897,631	881,290
Selling, general and administrative expenses	824,031	872,681	824,290
Impairment losses	10,765	141,187	7,752
Income (loss) from operations	868	(116,237)	49,248
Interest expense, net	137,497	110,513	79,359
Loss on refinancings	—	—	435
Loss before income taxes	(136,629)	(226,750)	(30,546)
Benefit for income taxes	(16,550)	(103,551)	(6,815)
Net loss	<u>\$ (120,079)</u>	<u>\$ (123,199)</u>	<u>\$ (23,731)</u>
Other comprehensive income (loss):			
Reclassification of losses on cash flow hedges, net of tax, to earnings	1,731	6,537	6,387
Unrealized gain (loss) on cash flow hedges, net of tax	(413)	693	449
Foreign currency translation adjustments	(682)	1,703	(1,581)
Comprehensive loss	<u>\$ (119,443)</u>	<u>\$ (114,266)</u>	<u>\$ (18,476)</u>

(a) Consists of 53 weeks.

The accompanying notes are an integral part of these consolidated financial statements.

J.CREW GROUP, INC.

Consolidated Statements of Cash Flows
(in thousands)

	For the Year Ended		
	February 2, 2019	February 3, 2018	January 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		(As adjusted)	(As adjusted)
Net loss	\$ (120,079)	\$ (123,199)	\$ (23,731)
Adjustments to reconcile to cash flows from operating activities:			
Depreciation of property and equipment	88,028	101,288	109,503
Impairment losses	10,765	141,187	7,752
Amortization of intangible assets	7,236	9,086	10,540
Amortization of deferred financing costs and debt discount	7,166	6,128	5,021
Reclassification of hedging losses to earnings	2,357	10,717	10,470
Share-based compensation	158	2,299	1,035
Loss on sale of property	—	526	—
Loss on refinancings	—	—	435
Foreign currency transaction gains	(403)	(1,411)	(1,539)
Deferred income taxes	(15,177)	(121,852)	(5,140)
Changes in operating assets and liabilities:			
Accounts receivable, net	(17,151)	(7,562)	(11,740)
Merchandise inventories, net	(98,463)	22,562	57,798
Prepaid expenses and other current assets	(16,010)	(20,339)	16,668
Other assets	106	184	741
Accounts payable and other liabilities	83,296	41,215	(45,993)
Federal and state income taxes	(1,109)	2,077	6,013
Net cash provided by (used in) operating activities	<u>(69,280)</u>	<u>62,906</u>	<u>137,833</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(52,736)	(39,678)	(80,140)
Proceeds from sale of property	—	2,530	—
Net cash used in investing activities	<u>(52,736)</u>	<u>(37,148)</u>	<u>(80,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowings under the ABL Facility	70,800	—	—
Quarterly principal repayments of Term Loan Facility	(15,670)	(19,588)	(11,753)
Cost paid in connection with refinancings of debt	(74)	(5,740)	(1,099)
Proceeds from Notes, net of discount	—	123,490	—
Repayments pursuant to the Term Loan amendment	—	(150,456)	—
Net cash provided by (used in) financing activities	<u>55,056</u>	<u>(52,294)</u>	<u>(12,852)</u>
Effect of changes in foreign exchange rates on cash, cash equivalents and restricted cash	<u>(621)</u>	<u>1,376</u>	<u>(427)</u>
Increase (decrease) in cash, cash equivalents and restricted cash	(67,581)	(25,160)	44,414
Beginning balance	107,066	132,226	87,812
Ending balance	<u>\$ 39,485</u>	<u>\$ 107,066</u>	<u>\$ 132,226</u>
Supplemental cash flow information:			
Income taxes paid	<u>\$ 1,108</u>	<u>\$ 1,610</u>	<u>\$ 1,245</u>
Interest paid	<u>\$ 128,048</u>	<u>\$ 89,059</u>	<u>\$ 72,558</u>
Non-cash contribution to Parent in connection with Exchange Offer	<u>\$ —</u>	<u>\$ 249,596</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial statements.