

# GUESS, INC.

ICR Conference  
January 10, 2022



# Safe Harbor Statement

Except for historical information contained herein, certain matters discussed in this press release or the related webcast, including statements concerning the potential actions and impacts related to the COVID-19 pandemic; statements concerning the Company's future outlook including with respect to the fourth quarter and full year of fiscal 2022 as well as fiscal 2024; statements concerning the Company's expectations, goals, future prospects, longer-term operating margin, revenue, EPS and ROIC expectations and current business strategies and strategic initiatives; and statements expressing optimism or pessimism about future operating results and growth opportunities are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, which are frequently indicated by terms such as "expect," "could," "will," "should," "goal," "strategy," "believe," "estimate," "continue," "outlook," "plan," "create," "see," and similar terms, are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ materially from current expectations include, among others: our ability to maintain our brand image and reputation; domestic and international economic or political conditions, including economic and other events that could negatively impact consumer confidence and discretionary consumer spending; the continuation or worsening of impacts related to the COVID-19 pandemic, including business, financial, human capital, litigation and other impacts to the Company and its partners; our ability to successfully negotiate rent relief or other lease-related terms with our landlords; our ability to maintain adequate levels of liquidity; changes to estimates related to impairments, inventory and other reserves, including the impact of the CARES Act, which were made using the best information available at the time; changes in the competitive marketplace and in our commercial relationships; our ability to anticipate and adapt to changing consumer preferences and trends; our ability to manage our inventory commensurate with customer demand; risks related to the timing and costs of delivering merchandise to our stores and our wholesale customers; unexpected or unseasonable weather conditions; our ability to effectively operate our various retail concepts, including securing, renewing, modifying or terminating leases for store locations; our ability to successfully and/or timely implement our growth strategies and other strategic initiatives; our ability to successfully implement or update information technology systems, including enhancing our global omni-channel capabilities; our ability to expand internationally and operate in regions where we have less experience, including through joint ventures; risks related to our convertible senior notes issued in April 2019, including our ability to settle the liability in cash; our ability to successfully or timely implement plans for cost reductions; our ability to effectively and efficiently manage the volume and costs associated with our European distribution centers without incurring shipment delays; our ability to attract and retain key personnel; obligations or changes in estimates arising from new or existing litigation, income tax and other regulatory proceedings; risks related to the complexity of the Tax Reform, future clarifications and legislative amendments thereto, as well as our ability to accurately interpret and predict its impact on our cash flows and financial condition; risks related to the tax treatment of our third quarter fiscal 2022 intra-entity transfer of intellectual property rights from certain U.S. entities to a wholly-owned Swiss subsidiary; the risk of economic uncertainty associated with the United Kingdom's departure from the European Union ("Brexit") or any other similar referendums that may be held; the occurrence of unforeseen epidemics, such as the COVID-19 pandemic; other catastrophic events; changes in U.S. or foreign income tax or tariff policy, including changes to tariffs on imports into the U.S.; accounting adjustments to our unaudited financial statements identified during the completion of our annual independent audit of financial statements and financial controls or from subsequent events arising after issuance of this release; risk of future non-cash asset impairments, including goodwill, right-of-use lease assets and/or other store asset impairments; restructuring charges; our ability to adapt to new regulatory compliance and disclosure obligations; risks associated with our foreign operations, such as violations of laws prohibiting improper payments and the burdens of complying with a variety of foreign laws and regulations (including global data privacy regulations); risks associated with the acts or omissions of our third party vendors, including a failure to comply with our vendor code of conduct or other policies; risks associated with cyber-attacks and other cyber security risks; risks associated with our ability to properly collect, use, manage and secure consumer and employee data; risks associated with our vendors' ability to maintain the strength and security of information technology systems; and changes in economic, political, social and other conditions affecting our foreign operations and sourcing, including the impact of currency fluctuations, global income tax rates and economic and market conditions in the various countries in which we operate. In addition to these factors, the economic, technological, managerial, and other risks identified in the Company's most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission, including but not limited to the risk factors discussed therein, could cause actual results to differ materially from current expectations. The current global economic climate, length and severity of the COVID-19 pandemic, and uncertainty surrounding potential changes in U.S. policies and regulations may amplify many of these risks. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# AGENDA

---

- Guess at-a-glance
- Our new business model
- Our opportunity for value creation

# GUESS at a Glance

1981  
FOUNDED

\$5b  
SALES AT  
RETAIL VALUE

~100  
COUNTRIES WITH  
OPERATIONS

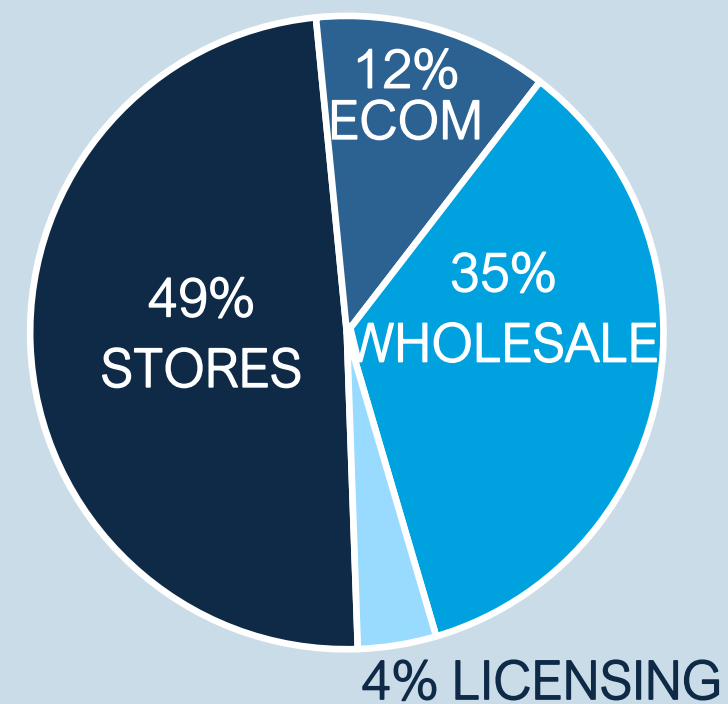
25  
PRODUCT  
CATEGORIES

11,000  
GLOBAL ASSOCIATES

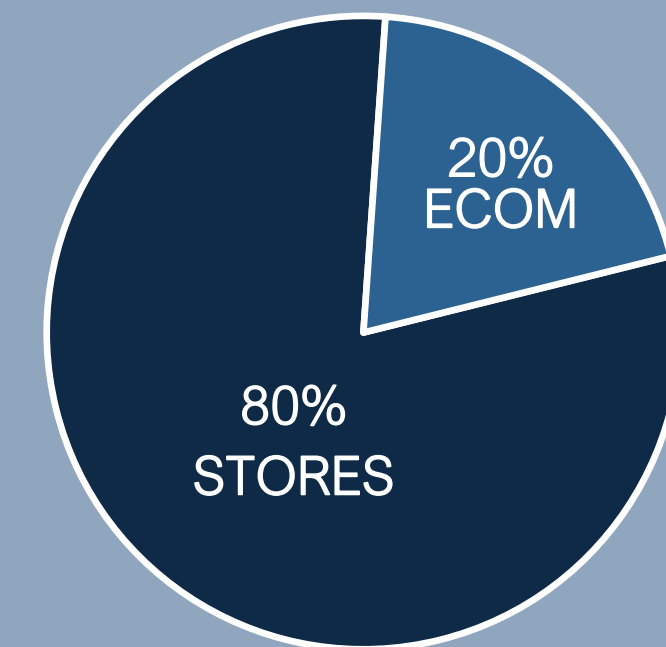
\$2.4b  
NET SALES

71%  
REVENUE GENERATED  
OUTSIDE THE US

Company  
Penetration by  
Channel



E-Commerce  
Revenue  
Penetration  
*as a percent of direct-  
to-consumer*



# A Lifestyle Brand



Watches



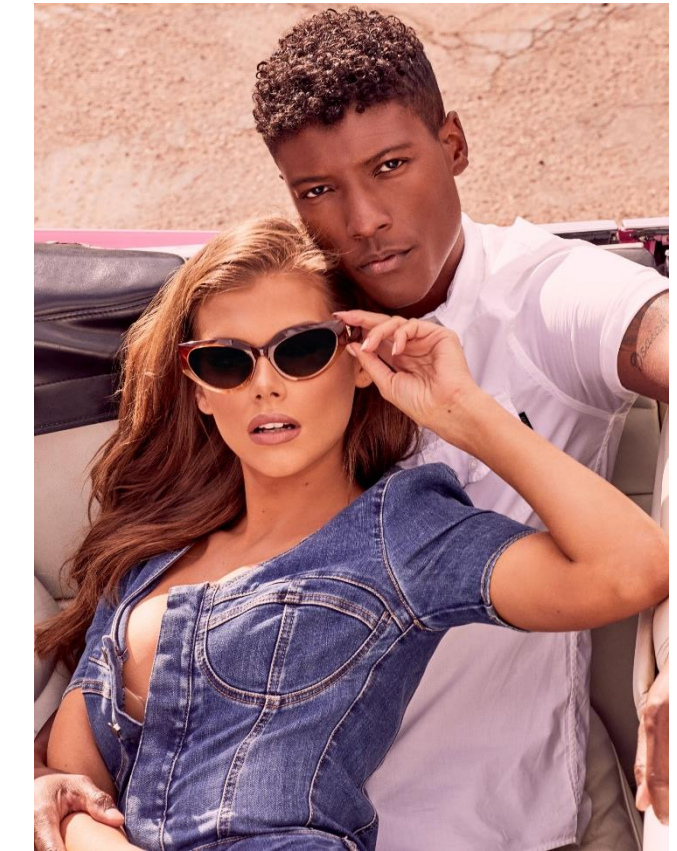
Footwear



Women's and Men's Apparel



Handbags



Eyewear



Underwear & Swim



Kids



Jewelry



Fragrances

# Focus Product Categories

Women's and Men's Apparel



Athleisure



Essentials



Handbags



Footwear



Kids



# Customer Centricity

## We Widely Resonate Across 3 Generations of Consumers



### HERITAGE

Age: 40+ years old  
Spending Power: \$1.33 trillion  
Population Size: 1.44 billion

- Brand loyal
- Influenced by: celebrities (i.e. actors), Facebook
- Seek product information
- Respond to digital and traditional advertising

41% of NA online sales\*



### MILLENNIAL

Age: 25-39 years old  
Spending Power: \$1.3 trillion  
Population Size: 1.72 billion

- Value experiences over tangible items
- Influenced by: Influencers, IG
- Look to them as co-creators
- Bounty hunter, thrill of the deal

42% of NA online sales\*



### GEN-Z

Age: 10-23 years old  
Spending Power: \$400+ billion  
Population Size: 2.52 billion

- View wealth as success + like luxury brands
- Influenced by: micro-influencers, YouTube
- Aspirational browsers, community show + tell
- Less deal driven, loves social good

17% of NA online sales\*

\*Represents GUESS brand online sales in North America for the last twelve months as of Q3 FY22.

# Global Footprint

**1,052 directly operated stores** (1,610 total stores) in approx. 100 countries with \$2.4*B* in LTM revenues as of Q3FY22;  
Pre-pandemic revenues of \$2.7*B* in FY20.

## EUROPE & MIDDLE EAST

540 stores

<u>FY20</u>	→	<u>FY22 Q3 LTM</u>
\$1,248M		\$1,203M

## AMERICAS

387 stores

<u>FY20</u>	→	<u>FY22 Q3 LTM</u>
\$998M		\$897M

## ASIA

125 stores

<u>FY20</u>	→	<u>FY22 Q3 LTM</u>
\$346M		\$241M

## LICENSING

<u>FY20</u>	→	<u>FY22 Q3 LTM</u>
\$86M		\$100M

Total store count as of end of Q3FY22 including franchise/licensee stores.  
Revenues reflect last twelve months as of Q3FY22 and FY20.



# Q3 Highlights

Grew revenues by 4% vs. Q3 FY20

---

Expanded adjusted operating margin<sup>(1)</sup> by over 700 bps vs. pre-pandemic levels to reach 10.9% in Q3 FY22

---

Q3 FY22 adjusted EPS<sup>(1)</sup> of \$0.62 vs. \$0.22 in Q3 FY20

---

Inventory up 23% vs. prior year

---

Raised full-year outlook for adjusted operating margin<sup>(1)</sup> to 11.2%<sup>(2)</sup>

---

Doubled quarterly cash dividend from \$0.1125 to \$0.225

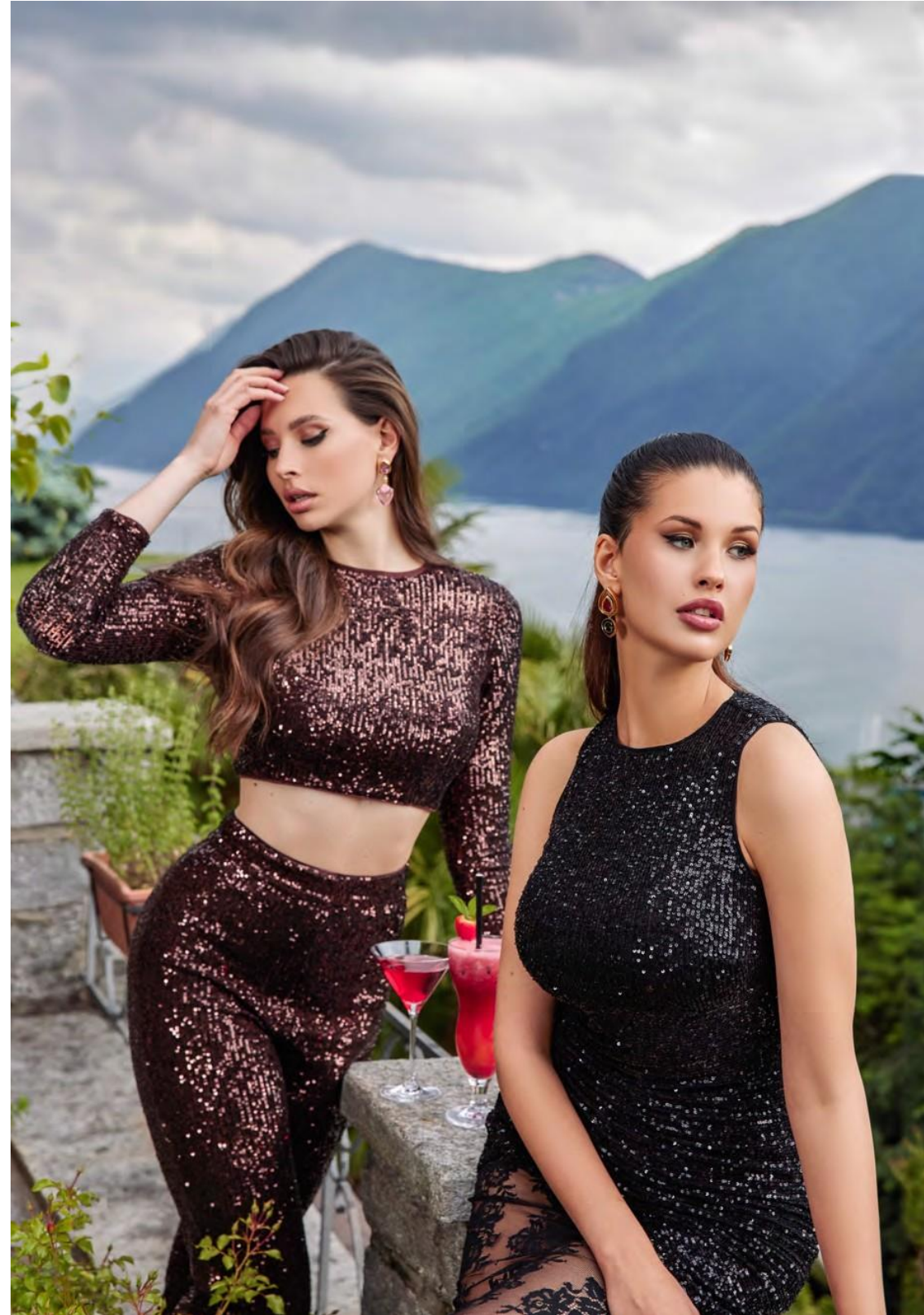
(1) This measure is presented in non-GAAP. Please refer to the Appendix for a reconciliation of non-GAAP financial measures.

(2) Outlook issued on November 23, 2021

# Our New Business Model



Brand Elevation and  
Augmented Product  
Assortment



Global  
Portfolio  
Transformation



E-Commerce  
Business  
Acceleration



Operating  
Model  
Transformation

# Operating Margin Expansion

Our margin expansion has come from concrete changes to our business model.

## Product Cost

Global line efficiencies  
Sourcing countries optimization

## Brand Elevation

Strategic price increases  
Reduced promotional activity

## Occupancy Model

Underperforming store closures  
Store lease renegotiations

## Operational Efficiencies

Elimination of infrastructure and process redundancies

# Operating Margin Expansion

Operating margin expected to double this fiscal year driven by permanent changes.

FY20 ADJUSTED OPERATING MARGIN\* OF 5.6%

## OPERATING MARGIN DRIVERS

Lower Promotional Activities	250 bps
Higher IMU	200 bps
Lower Occupancy Costs	150 bps
Channel Mix and One-Time Benefits	200 bps
SG&A Increase	(100) bps
Higher Inbound Freight	(150) bps



FY22E ADJUSTED OPERATING MARGIN\* OUTLOOK OF 11.2%



# Opportunity for Revenue Growth

## Increased sales productivity and market share gains

- Positive comp sales
- Portfolio optimization
- Wholesale distribution

## Category expansion

- Denim, Marciano, handbags, dresses, outerwear, brand partnership projects

## Digital business expansion

- New high-performance platform
- Omnichannel capabilities
- Customer analytics

## Grow store fleet

- Multiple store concepts
- Underdeveloped markets



# By FY24 we plan to deliver:<sup>(1)</sup>

Approximately \$120M incremental annual sales from FY20 to reach \$2.8B

---

Approximately \$185M incremental adjusted operating profit from FY20 to more than double to \$335M<sup>(2)</sup>

---

12.0% operating margin<sup>(2)</sup> - up 640 bps from FY20 adjusted operating margin

---

Adjusted EPS of \$3.50<sup>(2)</sup> from \$1.45<sup>(2)</sup> in FY20

---

ROIC of 31%<sup>(2)</sup> from 12%<sup>(2)</sup> in FY20

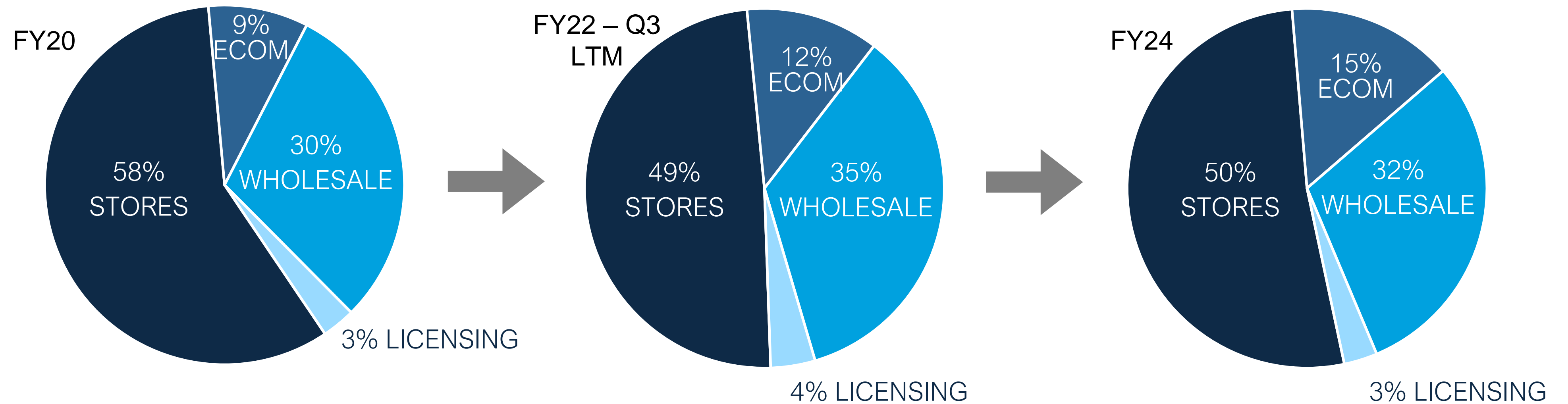
(1) Outlook issued on November 23 , 2021

(2) This measure is presented in non-GAAP. Please refer to the Appendix for a reconciliation of non-GAAP financial measures<sup>14</sup>

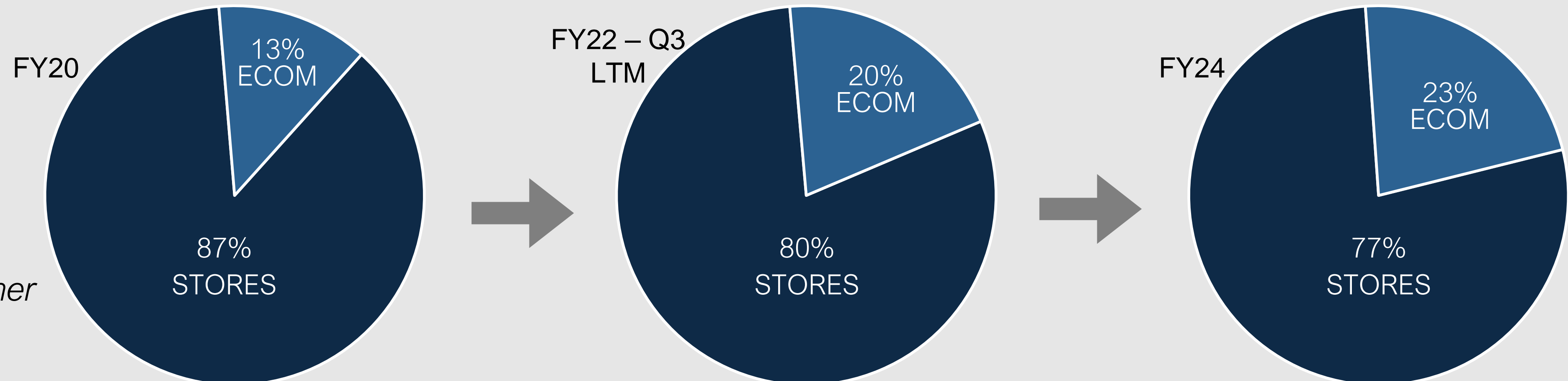
# Omnichannel Sales Composition

As we optimize the store fleet and continue to grow e-commerce, our digital revenue penetration is expected to grow by 10% from FY20 to FY24.

Company  
Penetration  
by Channel



E-Commerce  
Revenue  
Penetration  
*as a percent of  
direct-to-consumer*



# THANK YOU



# APPENDIX



# GAAP to Non-GAAP

The financial information in this presentation contains non-GAAP measures that are calculated and presented on a basis other than in accordance with generally accepted accounting principles in the United States of America (GAAP) and exclude certain items from the most directly comparable GAAP financial measure. Such non-GAAP measures should be viewed in addition to, and not as an alternative for, reported results and future outlook under GAAP.

Certain amounts presented do not include the impact of (1) certain professional service and legal fees and related (credits) costs, (2) charges related to the European Commission fine, (3) asset impairment charges, (4) separation charges, (5) non-cash debt discount amortization on our convertible senior notes, (6) net (gains) losses on lease modifications, (7) the related income tax effects of the foregoing items, as well as the impact from changes in the income tax law on deferred income taxes in certain tax jurisdictions, net income tax settlements and adjustments to specific uncertain income tax positions and (8) discrete income tax adjustments related primarily to an intra-entity transfer of intellectual property rights to a wholly-owned Swiss subsidiary, impacts from cumulative valuation allowances and the income tax benefits from an income tax rate change due to net operating loss carrybacks. The Company has excluded these items because it believes that these items are not indicative of the underlying performance of its business and that the non-GAAP measures provided are useful for investors to evaluate the comparability of the Company's results and future outlook.

Forward-looking growth rates for operating profit, and operating margin assume the exclusion of the items noted above and are also provided on a "constant currency" basis. Constant currency calculations are provided to enhance the visibility of underlying business trends, excluding the effects of changes in foreign currency translation rates. Forward-looking growth rates in constant currency assume that the forecasted results for the future periods are translated into U.S. dollars at the exchange rates in effect during the year the future sales are being compared to.

The Company defines return on invested capital (or "ROIC") as adjusted net operating profit after taxes divided by two-year average invested capital. The Company believes that ROIC is a useful financial measure for investors in evaluating how efficiently the Company deploys its capital. The Company's method of calculating ROIC may differ from other companies' methods and therefore might not be comparable.

With the exception of amounts related to non-cash debt discount amortization on our convertible notes, forward-looking earnings per share amounts presented assume no additional charges for the items listed above, as the Company is unable to predict future amounts as these expenditures are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control.

Please refer to the following slides for a reconciliation of non-GAAP measures referred to throughout this presentation.

# Operating Margin

<i>Dollars in thousands</i>	<u>FY2020</u>	<u>Q3 FY2022</u>	<u>FY2022E<sup>5</sup></u>	<u>FY2024E<sup>5</sup></u>
Net Revenue	\$2,678,109	\$643,070		
<b>Reported GAAP earnings from operations</b>	<b>\$140,671</b>	<b>\$65,671</b>		
Certain professional service and legal fees and related (credits) costs <sup>1</sup>	(857)	550		
Asset impairment charges <sup>2</sup>	9,977	1,152		
Separation charges <sup>3</sup>	438	-		
Net (gains) losses on lease terminations <sup>4</sup>	-	3,006		
<b>Adjusted earnings from operations</b>	<b><u>\$150,229</u></b>	<b><u>\$70,379</u></b>		
 <b>GAAP operating margin</b>	 <b>5.3%</b>	 <b>10.2%</b>	 <b>11.0%</b>	 <b>12.0%</b>
Certain professional service and legal fees and related (credits) costs <sup>1</sup>	(0.1%)	0.1%	0.1%	
Asset impairment charges <sup>2</sup>	0.4%	0.2%	0.1%	
Separation charges <sup>3</sup>	0.0%	-	-	
Net (gains) losses on lease modifications <sup>4</sup>	-	0.4%	0.0%	
<b>Adjusted operating margin</b>	<b><u>5.6%</u></b>	<b><u>10.9%</u></b>	<b><u>11.2%</u></b>	<b><u>12.0%</u></b>

## Notes

- <sup>1</sup> During the full fiscal year 2020, the three months and the nine months ended October 30, 2021 of fiscal year 2022, the Company recorded certain professional service and legal fees and related (credits) costs which the Company otherwise would not have incurred as part of its business operations. The Company is unable to predict future amounts as these expenditures are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future charges in the GAAP outlook.
- <sup>2</sup> During fiscal year 2020 the Company recorded asset impairment charges for certain retail locations resulting from under-performance and expected store closures, as well as impairment charges related to goodwill associated with the Company's China retail reporting unit. During the three months and nine months ended October 30, 2021 of fiscal year 2022, the Company recorded asset impairment charges related primarily to impairment of operating lease right-of-use assets and property and equipment related to certain retail locations resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures. The adjusted results do not assume any additional future asset impairment charges because of the uncertainty and variability of the nature and amount. As such, the Company has not considered any future asset impairment charges and recorded amounts currently determined under GAAP.
- <sup>3</sup> In fiscal year 2019, the Company announced the departure of its Chief Executive Officer and the terms of his separation. During fiscal year 2020, the Company recorded \$0.4 million mainly related to non-cash stock-based compensation expense resulting from changes in expected performance conditions of certain previously granted stock awards that were no longer subject to service vesting requirements after the former CEO's departure.
- <sup>4</sup> During the three and nine months ended October 30, 2021 of fiscal year 2022, the Company recorded net (gains) losses on lease modifications related primarily to the early termination of certain lease agreements. The Company is unable to predict future amounts as these (gains) losses are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future (gains) losses in the GAAP outlook.
- <sup>5</sup> The estimates of fiscal year 2022 contemplate amounts for items excluded for non-GAAP that were recognized during the nine months ended October 30, 2021. The Company is unable to predict any future amounts that may be excluded for non-GAAP for the remainder of fiscal 2022 and fiscal year 2024 as such amounts are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future charges in the accompanying GAAP outlook.

# Earnings Per Share

Dollars in thousands

<b>Reported GAAP net earnings attributable to Guess?, Inc.</b>
Certain professional service and legal fees and related (credits) costs <sup>1</sup>
Asset impairment charges <sup>2</sup>
Separation charges <sup>3</sup>
Amortization of debt discount on Convertible Debt <sup>4</sup>
Net (gains) losses on lease modifications <sup>5</sup>
Income tax impact from adjustments <sup>6</sup>
Discrete income tax adjustments <sup>7</sup>
Total adjustments affecting net earnings attributable to Guess?, Inc.
<b>Adjusted net earnings attributable to Guess?, Inc.</b>

<b>GAAP earnings per share</b>
Certain professional service and legal fees and related (credits) costs <sup>1</sup>
Asset impairment charges <sup>2</sup>
Separation charges <sup>3</sup>
Amortization of debt discount on Convertible Debt <sup>4</sup>
Net (gains) losses on lease modifications <sup>5</sup>
Income tax impact from adjustments <sup>6</sup>
Discrete income tax adjustments <sup>7</sup>
<b>Adjusted earnings per share</b>

FY2020	Q3 FY2020	Q3 FY2022	FY2024E <sup>8</sup>
\$95,975	\$12,423	\$29,880	
(857)	(1,414)	550	
9,977	1,847	1,152	
438	-	-	
7,558	2,447	2,782	
-	-	3,006	
(8,055)	(401)	(1,729)	
-	-	5,912	
9,061	2,479	11,673	
<b>\$105,036</b>	<b>\$14,902</b>	<b>\$41,553</b>	
\$ 1.33	\$ 0.18	\$ 0.45	\$ 3.36
(0.01)	(0.02)	0.01	-
0.12	0.03	0.01	-
0.00	-	-	-
0.08	0.03	0.03	0.14
-	-	0.03	-
(0.07)	-	-	-
-	-	0.09	-
<b>\$ 1.45</b>	<b>\$ 0.22</b>	<b>\$ 0.62</b>	<b>\$ 3.50</b>

## Notes

- <sup>1</sup> During fiscal year 2020, the three months ended November 2, 2019 and the three months ended October 30, 2021, the Company recorded certain professional service and legal fees and related (credits) costs which the Company otherwise would not have incurred as part of its business operations. The Company is unable to predict future amounts as these expenditures are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future charges in the GAAP outlook.
- <sup>2</sup> During fiscal year 2020 and the three months ended November 2, 2019, the Company recorded asset impairment charges for certain retail locations resulting from under-performance and expected store closures, as well as impairment charges related to goodwill associated with the Company's China retail reporting unit. During the three months ended October 30, 2021 of fiscal year 2022, the Company recorded asset impairment charges related primarily to impairment of operating lease right-of-use assets and property and equipment related to certain retail locations resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures. The adjusted results do not assume any additional future asset impairment charges because of the uncertainty and variability of the nature and amount. As such, the Company has not considered any future asset impairment charges and recorded amounts currently determined under GAAP.
- <sup>3</sup> In fiscal year 2019, the Company announced the departure of its Chief Executive Officer and the terms of his separation. During fiscal year 2020, the Company recorded \$0.4 million mainly related to non-cash stock-based compensation expense resulting from changes in expected performance conditions of certain previously granted stock awards that were no longer subject to service vesting requirements after the former CEO's departure.
- <sup>4</sup> In April 2019, the Company issued \$300 million principal amount of 2.00% convertible notes due 2024 (the "Notes") in a private offering. The Company has separated the Notes into liability (debt) and equity (conversion option) components. The debt discount, which represents an amount equal to the fair value of the equity component, is amortized as non-cash interest expense over the term of the Notes. Estimates of adjusted earnings per share for the full fiscal year 2024 exclude the amortization anticipated to be recorded in those years as such amounts are known. The Company has not assumed any potential share dilution related to the convert or related warrants.
- <sup>5</sup> During the three months ended October 30, 2021 of fiscal year 2022, the Company recorded net losses on lease modifications related primarily to the early termination of certain lease agreements. The Company is unable to predict future amounts as these (gains) losses are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future (gains) losses in the GAAP outlook.
- <sup>6</sup> Amounts represent the income tax effect of the non-income tax adjustments excluded for non-GAAP in fiscal year 2020, the three months ended November 2, 2019 and three months ended October 30, 2021. Such amounts are based on the Company's assessment of deductibility using the statutory tax rate (inclusive of the impact of valuation allowances) of the tax jurisdiction in which the charges were incurred. Amount also includes the impact from changes in the tax law on deferred taxes in certain tax jurisdictions, net tax settlements and adjustments to specific uncertain tax positions in fiscal year 2020.
- <sup>7</sup> Amounts represent discrete income tax adjustments related primarily to the impacts from an intra-entity transfer of intellectual property rights to a wholly-owned Swiss subsidiary during the quarter ended October 30, 2021, impacts from cumulative valuation allowances and the income tax benefits from an income tax rate change due to net operating loss carrybacks.
- <sup>8</sup> The Company is unable to predict future amounts for items excluded for non-GAAP for fiscal year 2024, with the exception of amounts related to the amortization of debt discount, as these expenditures and credits are inconsistent in amount and frequency and certain elements used to estimate such items have not yet occurred or are out of the Company's control. As such, the Company has not considered any future charges in the accompanying GAAP outlook.

# Effective Tax Rate

<i>Dollars in thousands</i>	<u>FY2020</u>	<u>Notes</u>
<b>Reported GAAP net earnings attributable to Guess?, Inc.</b>	<b>95,975</b>	1 During the fiscal year 2020, the Company recorded certain professional service and legal fees and related (credits) costs which the Company otherwise would not have incurred as part of its business operations.
Certain professional service, legal fees and related net credits <sup>1</sup>	(857)	2 During fiscal year 2020, the Company recorded \$0.4 million mainly related to non-cash stock-based compensation expense resulting from changes in expected performance conditions of certain previously granted stock awards that were no longer subject to service vesting requirements after the former CEO's departure.
Separation charges <sup>2</sup>	438	
Asset impairment charges <sup>3</sup>	9,977	
Amortization of debt discount <sup>4</sup>	7,558	3 During fiscal year 2020, the Company recorded asset impairment charges for certain retail locations resulting from under-performance and expected store closures, as well as impairment charges related to goodwill associated with the Company's China retail reporting unit.
Income tax adjustments <sup>5</sup>	(8,055)	
<b>Adjusted net earnings attributable to Guess?, Inc.</b>	<b><u>105,036</u></b>	
<b>Reported GAAP income tax expense</b>	<b>22,513</b>	4 In April 2019, the Company issued \$300 million principal amount of 2.00% convertible senior notes due 2024 (the "Notes") in a private offering. The Company has separated the Notes into liability (debt) and equity (conversion option) components. The debt discount, which represents an amount equal to the fair value of the equity component, is amortized as non-cash interest expense over the term of the Notes.
Income tax adjustments <sup>5</sup>	8,055	5 Amounts represent the income tax effect of the non-income tax adjustments excluded for non-GAAP in fiscal year 2020. Such amounts are based on the Company's assessment of deductibility using the statutory tax rate (inclusive of the impact of valuation allowances) of the tax jurisdiction in which the charges were incurred. The income tax adjustment for the year ended February 1, 2020 also includes the impact from changes in the tax law on deferred taxes in certain tax jurisdictions, net tax settlements and adjustments to specific uncertain tax positions.
<b>Adjusted income tax expense</b>	<b><u>30,568</u></b>	
Adjusted effective tax rate	21.7%	

# ROIC

<i>Dollars in thousands</i>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2020 2-Year Average</u>	<u>FY2023E</u>	<u>FY2024E</u>	<u>FY2024E 2-Year Average</u>
<b>Average Invested Capital</b>						
Total Assets <sup>1</sup>	\$1,649,205	\$2,428,962	\$2,039,084	\$2,747,000	\$2,953,000	\$2,850,000
Less: Cash & Cash Equivalents	(210,460)	(284,613)	(247,537)	(634,000)	(806,000)	(720,000)
Less: Right of Use Asset <sup>1</sup>	-	(851,990)	(425,995)	(760,000)	(764,000)	(762,000)
Less: Accounts Payable	(286,657)	(232,761)	(259,709)	(333,000)	(346,000)	(339,500)
Less: Accrued Expenses and Other Current Liabilities	(252,392)	(204,096)	(228,244)	(208,000)	(209,000)	(208,500)
Add: Accrual for European Commission Fine <sup>2</sup>	45,619	-	22,809	-	-	-
<b>Average Invested Capital</b>	<b><u>\$945,315</u></b>	<b><u>\$855,502</u></b>	<b><u>\$900,408</u></b>	<b><u>\$812,000</u></b>	<b><u>\$828,000</u></b>	<b><u>\$820,000</u></b>
			<b><u>FY2020</u></b>			<b><u>FY2024E</u></b>
<b>Adjusted Net Operating Profit After Taxes</b>						
Reported GAAP earnings from operations			\$140,671			\$335,000
Less: Certain professional service and legal fees and related (credits) costs			(857)			-
Add: Asset impairment charges			9,977			-
Add: Separation charges			438			-
Adjusted Earnings From Operations <sup>3</sup>			<u>\$150,229</u>			<u>\$335,000</u>
Less: Asset Impairments			(9,977)			-
Less: Other Income (Expense), Net			(2,529)			(1,400)
Less: Income Taxes <sup>4</sup>			(29,886)			(83,400)
<b>Adjusted Net Operating Profit After Taxes</b>			<b><u>\$107,837</u></b>			<b><u>\$250,200</u></b>
<b>Non-GAAP ROIC<sup>5</sup></b>			<b><u>12%</u></b>			<b><u>31%</u></b>

Notes

- <sup>1</sup> During fiscal year 2020, the Company adopted a comprehensive new lease standard which superseded previous lease guidance.

<sup>2</sup> During fiscal year 2019, the Company recognized a charge of €39.8 million (\$45.6 million) related to a fine by the European Commission related to its inquiry concerning potential violations of European Union competition rules by the Company.

<sup>3</sup> Refer to the Operating Margin reconciliation page above for fiscal year 2020 Non-GAAP reconciliation. For the fiscal year 2024 projected amount, there is no difference between the GAAP and adjusted amounts for this metric.

<sup>4</sup> Income taxes are calculated using the adjusted effective tax rate for fiscal year 2020 of 21.7% and a projection of 25% for the fiscal 2024 effective tax rate.

<sup>5</sup> The Company defines return on invested capital (or "ROIC") as adjusted net operating profit after taxes divided by two-year average invested capital.