

# GUESS, INC.

Investor Update  
March 2023





# Safe Harbor Statement

Except for historical information contained herein, certain matters discussed in this presentation, including statements concerning the impacts of the ongoing conflict in Ukraine and other events impacting the markets in which we operate; statements concerning the Company's future outlook, including with respect to the first quarter and full year of fiscal 2024; statements concerning the Company's expectations, goals, future prospects, 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. All statements other than statements of historical fact are forward-looking statements. 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; sanctions and export controls targeting Russia and other impacts related to the war in Ukraine; impacts related to the COVID-19 pandemic or other public health crises; risks relating to our indebtedness; changes to estimates related to impairments, inventory and other reserves; 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; the high concentration of our Americas Wholesale business; risks related to the costs and timely delivery of merchandise to our distribution facilities, stores and 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 enhance our global omni-channel capabilities; our ability to expand internationally and operate in regions where we have less experience, including through joint ventures; risks relating to our \$300 million, 2.0% convertible senior notes due 2024, including our ability to settle the liability in cash; disruptions at our distribution facilities; our ability to attract and retain management and other key personnel; obligations or changes in estimates arising from new or existing litigation, income tax and other regulatory proceedings; risks related to the income 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; catastrophic events or natural disasters; 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; violations of, or changes to, domestic or international laws and regulations; risks associated with the acts or omissions of our licensees and third party vendors, including a failure to comply with our vendor code of conduct or other policies; risks associated with cyber security incidents 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; 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; impacts of inflation and further inflationary pressures; fluctuations in quarterly performance; slowing in-person customer traffic; increases in labor costs; increases in wages; risks relating to activist investor activity; and the significant voting power of our family founders. 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, the ongoing conflict in Ukraine, the impact of the COVID-19 pandemic, concerns related to the current U.S. debt ceiling, possible instability in the banking system, 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

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- Guess at a Glance
- FY23 Financial Results
- Our Business Model



# GUESS at a Glance

1981  
FOUNDED

\$5b  
SALES AT  
RETAIL VALUE

~100  
COUNTRIES  
WITH  
OPERATIONS

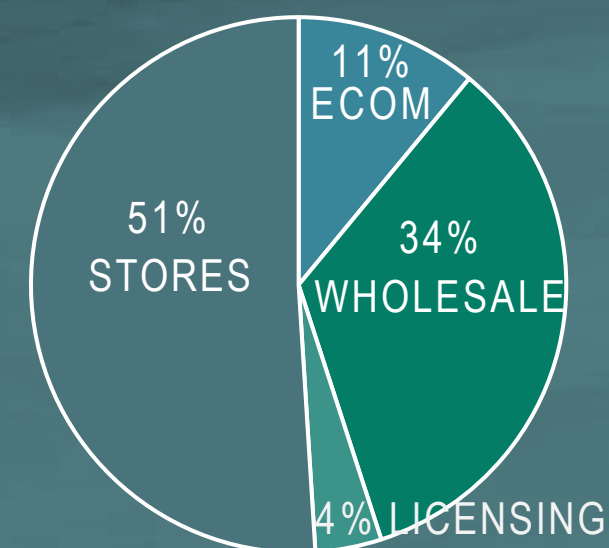
25  
PRODUCT  
CATEGORIES

12,500  
GLOBAL ASSOCIATES

\$2.7b  
NET SALES

74%  
REVENUE GENERATED  
OUTSIDE THE US

Company  
Penetration by  
Channel



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





# A Lifestyle Brand



Watches



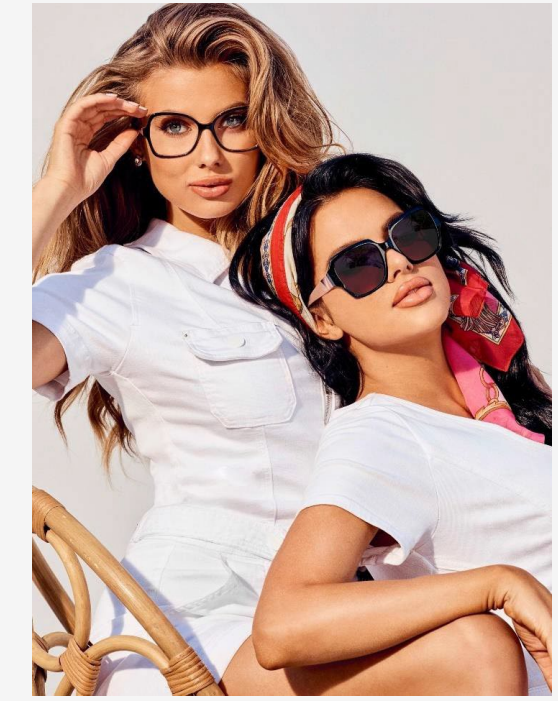
Footwear



Women's and Men's Apparel



Handbags



Eyewear



Underwear & Swim



Kids



Jewelry



Fragrances



# — Focus Product Categories —





# 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

42% 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

40% 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

18% of NA online sales\*

\*Represents FY23 GUESS brandonline sales in North America



# Global Footprint

**1,046 directly operated stores** (1,608 total stores\*) in approximately 100 countries with \$2.7B in revenues in FY23; Pre-pandemic revenues of \$2.7B in FY20

## EUROPE & MIDDLE EAST

560 stores

<u>FY20</u>		<u>FY23</u>
\$1,248M	➔	\$1,381M

## AMERICAS

371 stores

<u>FY20</u>		<u>FY23</u>
\$998M	➔	\$964M

## ASIA

115 stores

<u>FY20</u>		<u>FY23</u>
\$346M	➔	\$239M

## LICENSING

<u>FY20</u>		<u>FY23</u>
\$86M	➔	\$103M



# Our Business Model



Brand Elevation  
and Augmented  
Product Assortment



Global Portfolio  
Transformation



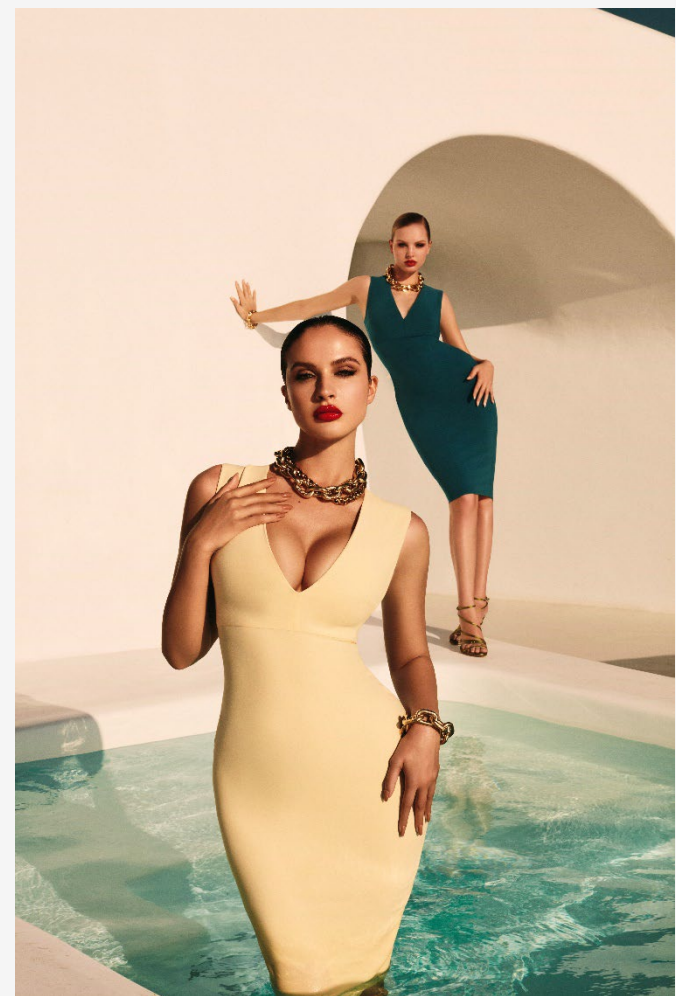
E-Commerce  
Business  
Acceleration



Operating Model  
Transformation



# Brand Elevation



Elevate taste, styling and quality of our products – **focus on sustainability**



**Develop one global line** of product



**Focus on key product categories** to address the Heritage, Millennial and Generation Z customers



**Increase full price selling** – value based pricing



Continue to perfect **image & photography in marketing, websites and all advertising media**



**Elevate the customer experience** across our GUESS ecosystem (stores, websites, wholesale partners and licensees)



A woman with dark hair and red lipstick is lying on a stone ledge next to a swimming pool. She is wearing a green and black patterned dress. The pool water is clear and blue. The background shows a stone wall and some foliage.

# FY23 Financial Highlights\*

## Q4

- Revenues increased by 2% in US dollars and 8% in constant currency
- Delivered adjusted operating margin of 13.1% (includes 160 bp of unfavorable currency impact)

## Full Year

- Revenues increased by 4% in US dollars and 12% in constant currency
- Delivered adjusted operating margin of 9.8% (includes 140 bp of unfavorable currency impact)



# Opportunity for Revenue Growth

## 1. Increase sales productivity and market share gains

- Positive comp sales
- Portfolio optimization
- Wholesale distribution

## 2. Organic Growth

- Existing markets
- New markets

## 3. Brand extensions and category expansion

Denim, Marciano, handbags, dresses, outerwear, brand partnership projects, casual lifestyle focus

## 4. Strategic acquisitions of brands and businesses that leverage core competencies





# Core competencies that can be leveraged

- **Global infrastructure with management capabilities**  
Strong presence in Europe and North America
- **Multichannel capabilities. Direct to consumer, both retail and E-commerce, Wholesale, full price and outlet distribution, licensing, franchising**
- **Doing business in 25 different product categories**
- **Catering to three distinct customer groups**  
Heritage, Millennial and Generation Z
- **Wide network of product licensees**
- **Global product development and supply chain network**
- **Fully integrated in-house advertising and marketing capabilities**
- **Strong, diverse and experienced global management team**
- **Diversified business model that is capable of delivering high operating margin and high return on invested capital, while mitigating risk**





# THANK YOU





# APPENDIX





# GAAP to Non-GAAP Reconciliation

The financial information in this presentation contains certain 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 under GAAP.

Certain amounts presented do not include the impact of (1) certain professional service and legal fees and related (credits) costs, (2) asset impairment charges, and (3) net gains on lease modifications. 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.

This presentation includes certain constant currency financial information. Foreign currency exchange rate fluctuations affect the amount reported from translating the Company's foreign revenue, expenses and balance sheet amounts into U.S. dollars. These rate fluctuations can have a significant effect on reported operating results under GAAP. The Company provides constant currency information to enhance the visibility of underlying business trends, excluding the effects of changes in foreign currency translation rates. To calculate net revenue and earnings (loss) from operations on a constant currency basis, actual results for the current-year period are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year. The constant currency calculations do not adjust for the impact of revaluing specific transactions denominated in a currency different from the functional currency of that entity when exchange rates fluctuate.

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



# Operating Margin

<i>Dollars in thousands</i>	<u>Q4 FY2023</u>	<u>FY2023</u>
Net Revenue	\$817,784	\$2,687,350
<b>Reported GAAP earnings from operations</b>	<b>\$103,551</b>	<b>\$248,173</b>
Certain professional service and legal fees and related (credits) costs <sup>1</sup>	299	7,484
Asset impairment charges <sup>2</sup>	4,292	9,544
Net gains on lease modifications <sup>3</sup>	(613)	(2,267)
<b>Adjusted earnings from operations</b>	<b><u>\$107,529</u></b>	<b><u>\$262,934</u></b>
 <b>GAAP operating margin</b>	 <b>12.7%</b>	 <b>9.2%</b>
Certain professional service and legal fees and related (credits) costs <sup>1</sup>	0.0%	0.3%
Asset impairment charges <sup>2</sup>	0.5%	0.4%
Net gains on lease modifications <sup>3</sup>	(0.1%)	(0.1%)
<b>Adjusted operating margin</b>	<b><u>13.1%</u></b>	<b><u>9.8%</u></b>

## Notes

- <sup>1</sup> During Q4 and the full fiscal year 2023, 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.
- <sup>2</sup> During Q4 and the full fiscal year 2023, the Company recorded asset impairment charges related primarily to impairment of property and equipment and operating lease right-of-use assets related to certain retail locations resulting from under-performance and expected store closures.
- <sup>3</sup> During Q4 and the full fiscal year 2023, the Company recorded net gains on lease modifications related primarily to the early termination of certain lease agreements.