

HIGHLY CONFIDENTIAL

ascena retail group, inc.

FY2021 Forecast

November 2020



Safe Harbor Statement

The information and forecasts contained herein constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially. Forward-looking statements are based only on the Company’s current assumptions and views of future events and financial performance. They are subject to known and unknown risks and uncertainties, many of which are outside of the Company’s control that may cause the Company’s actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, risks attendant to the bankruptcy process, including the Company’s ability to obtain approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 Cases; the ability of the Company to negotiate, develop, confirm and consummate a plan of reorganization; the effects of the Chapter 11 Cases, including increased legal and other professional costs necessary to execute the Company’s reorganization, on the Company’s liquidity (including the availability of operating capital during the pendency of the Chapter 11 Cases), results of operations or business prospects; conditions to which debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside the Company’s control; more stringent or costly payment terms and/or the decision by a significant number of vendors not to sell the Company merchandise on a timely basis or at all; the Company’s ability to attract, motivate and retain key executives and other personnel; risks associated with the novel coronavirus pandemic (including any resurgence) and actions the Company has taken in response thereto; general economic conditions that adversely impact consumer spending; disruptions at ports used to import the Company’s products; increases in the price of raw materials, labor or energy and transportation costs; the Company’s ability to anticipate and respond to changing fashion trends and customer preferences in a timely manner; the Company’s ability to maintain its brand image; the impact of cost reduction initiatives; the Company’s ability to successfully achieve its business strategies; and changes in U.S. trade policies and trade restrictions. Please refer to the Company’s filings with the Securities and Exchange Commission for a further discussion of risks and uncertainties. The Company does not undertake to publicly update or review its forward-looking statements, even if experience or future changes make it clear that the projected results expressed or implied will not be achieved.

The attached financial information presents EBITDA, which is a non-gaap measure. This measure, as presented, adjusts for nonrecurring items that management believes are not indicative of the Company’s underlying operating performance. This measure may not be directly comparable to similar measures used by other companies and should not be considered a substitute for performance measures in accordance with GAAP such as net income. Additionally, a reconciliation of the projected EBITDA, which is a forward-looking non-GAAP financial measure, to net income, the most directly comparable GAAP financial measure, is not provided because the Company is unable to provide such reconciliation without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. These GAAP measures may include the impact of such items as restructuring charges, costs associated with the wind down of certain businesses, asset impairments, and the tax effect of all such items. As previously stated, the Company has historically excluded these items from non-GAAP financial measures. The Company currently expects to continue to exclude such items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, “non-GAAP adjustments”). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as the wind down of certain businesses, restructuring costs and impairments of certain long-lived intangible assets, are inherently unpredictable as to if or when they may occur. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

FY2021 Consolidated P&L and Cash Flow Forecast (\$MM)

	FY2021E
Revenue	\$2,434
<i>% Comp</i>	<i>(14.7%)</i>
Less: COGS	(1,230)
Gross Margin	\$1,204
<i>% Margin</i>	<i>49.5%</i>
Less: BD&O and SG&A	(1,371)
EBITDA	(\$167)
<i>% Margin</i>	<i>(6.9%)</i>
Net Income	\$999
Less: Non-Cash Items	(1,165)
Less: Net Change in Working Capital	(250)
Less: Capital Expenditures	(102)
Plus: Other	40
Net Change in Cash	(\$479)
Ending Cash	\$102

Note: "EBITDA" figures represent Non-GAAP Adjusted EBITDA.