

The Gap, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(\$ in millions)	February 3, 2024	January 28, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,873	\$ 1,215
Merchandise inventory	1,995	2,389
Other current assets	527	1,013
Total current assets	4,395	4,617
Property and equipment, net of accumulated depreciation	2,566	2,688
Operating lease assets	3,115	3,173
Other long-term assets	968	908
Total assets	<u>\$ 11,044</u>	<u>\$ 11,386</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,349	\$ 1,320
Accrued expenses and other current liabilities	1,108	1,219
Current portion of operating lease liabilities	600	667
Income taxes payable	39	50
Total current liabilities	3,096	3,256
Long-term liabilities:		
Revolving credit facility	—	350
Long-term debt	1,488	1,486
Long-term operating lease liabilities	3,353	3,517
Other long-term liabilities	512	544
Total long-term liabilities	5,353	5,897
Total stockholders' equity	2,595	2,233
Total liabilities and stockholders' equity	<u>\$ 11,044</u>	<u>\$ 11,386</u>

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	14 Weeks Ended (1)	13 Weeks Ended	53 Weeks Ended (1)	52 Weeks Ended
(\$ and shares in millions except per share amounts)	February 3, 2024	January 28, 2023	February 3, 2024	January 28, 2023
Net sales	\$ 4,298	\$ 4,243	\$ 14,889	\$ 15,616
Cost of goods sold and occupancy expenses	2,626	2,819	9,114	10,257
Gross profit	1,672	1,424	5,775	5,359
Operating expenses	1,458	1,454	5,215	5,428
Operating income (loss)	214	(30)	560	(69)
Interest, net	(4)	13	4	70
Income (loss) before income taxes	218	(43)	556	(139)
Income tax expense	33	230	54	63
Net income (loss)	<u>\$ 185</u>	<u>\$ (273)</u>	<u>\$ 502</u>	<u>\$ (202)</u>
Weighted-average number of shares - basic	372	366	370	367
Weighted-average number of shares - diluted	381	366	376	367
Net earnings (loss) per share - basic	\$ 0.50	\$ (0.75)	\$ 1.36	\$ (0.55)
Net earnings (loss) per share - diluted	\$ 0.49	\$ (0.75)	\$ 1.34	\$ (0.55)

(1) Fiscal 2023 includes incremental sales attributable to the 53rd week.

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

(\$ in millions)	53 Weeks Ended	52 Weeks Ended
	February 3, 2024 (a)	January 28, 2023 (a)
Cash flows from operating activities:		
Net income (loss)	\$ 502	\$ (202)
Depreciation and amortization	522	540
Loss on divestiture activity	—	35
Gain on sale of building	(47)	(83)
Change in merchandise inventory	383	554
Change in accounts payable	42	(540)
Change in accrued expenses and other current liabilities	12	(243)
Change in income taxes payable, net of receivables and other tax-related items	75	417
Other, net	43	129
Net cash provided by operating activities	<u>1,532</u>	<u>607</u>
Cash flows from investing activities:		
Purchases of property and equipment	(420)	(685)
Net proceeds from sale of buildings	76	458
Proceeds from divestiture activity	9	—
Other	1	—
Net cash used for investing activities	<u>(334)</u>	<u>(227)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	—	350
Repayments of revolving credit facility	(350)	—
Payments for debt issuance costs	—	(6)
Proceeds from issuances under share-based compensation plans	27	27
Withholding tax payments related to vesting of stock units	(20)	(20)
Repurchases of common stock	—	(123)
Cash dividends paid	(222)	(220)
Other	(2)	(2)
Net cash (used for) provided by financing activities	<u>(567)</u>	<u>6</u>
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(3)	(15)
Net increase in cash, cash equivalents, and restricted cash	628	371
Cash, cash equivalents, and restricted cash at beginning of period	1,273	902
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,901</u>	<u>\$ 1,273</u>

(a) For the fifty-three weeks ended February 3, 2024 and the fifty-two weeks ended January 28, 2023, total cash, cash equivalents, and restricted cash includes \$28 million and \$58 million, respectively, of restricted cash recorded within other current assets and other long-term assets on the Condensed Consolidated Balance Sheets.

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

FREE CASH FLOW

Free cash flow is a non-GAAP financial measure. We believe free cash flow is an important metric because it represents a measure of how much cash a company has available for discretionary and non-discretionary items after the deduction of capital expenditures. We require regular capital expenditures including technology improvements as well as building and maintaining our stores and distribution centers. We use this metric internally, as we believe our sustained ability to generate free cash flow is an important driver of value creation. However, this non-GAAP financial measure is not intended to supersede or replace our GAAP results.

(\$ in millions)	53 Weeks Ended	52 Weeks Ended
	February 3, 2024	January 28, 2023
Net cash provided by operating activities	\$ 1,532	\$ 607
Less: Purchases of property and equipment	(420)	(685)
Free cash flow	\$ 1,112	\$ (78)

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR FISCAL YEAR 2023

The following adjusted statement of operations metrics are non-GAAP financial measures. These measures are provided to enhance visibility into the Company's underlying results for the period excluding the impact of restructuring costs and a gain on sale of building. Management believes the adjusted metrics are useful for the assessment of ongoing operations as we believe the adjusted items are not indicative of our ongoing operations, and provide additional information to investors to facilitate the comparison of results against past and future years. However, these non-GAAP financial measures are not intended to supersede or replace the GAAP measures.

(\$ in millions)										
53 Weeks Ended February 3, 2024	Gross Profit	Gross Margin	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income	Operating Margin	Income Tax Expense	Net Income	Earnings per Share - Diluted	
GAAP metrics, as reported	\$5,775	38.8 %	\$ 5,215	35.0 %	\$ 560	3.8 %	\$ 54	\$ 502	\$ 1.34	
Adjustments for:										
Restructuring costs (a)	4	— %	(89)	(0.6)%	93	0.6 %	23	70	0.19	
Gain on sale of building	—	— %	47	0.3 %	(47)	(0.3)%	(11)	(36)	(0.10)	
Non-GAAP metrics	<u>\$5,779</u>	<u>38.8 %</u>	<u>\$ 5,173</u>	<u>34.7 %</u>	<u>\$ 606</u>	<u>4.1 %</u>	<u>\$ 66</u>	<u>\$ 536</u>	<u>\$ 1.43</u>	

(a) Includes \$64 million of employee-related costs and \$29 million of consulting and other associated costs related to our previously announced actions to further simplify and optimize our operating model and structure.

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR FISCAL YEAR 2022

The following adjusted statement of operations metrics are non-GAAP financial measures. These measures are provided to enhance visibility into the Company's underlying results for the period excluding the impact of impairment of certain inventory, impairment related to the Yeezy Gap business, a loss on divestiture activity, and a gain on sale of building. Management believes the adjusted metrics are useful for the assessment of ongoing operations as we believe the adjusted items are not indicative of our ongoing operations, and provide additional information to investors to facilitate the comparison of results against past and future years. However, these non-GAAP financial measures are not intended to supersede or replace the GAAP measures.

(\$ in millions)										
52 Weeks Ended January 28, 2023	Gross Profit	Gross Margin	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income (Loss)	Operating Margin	Income Tax Expense	Net Income (Loss)	Earnings per Share - Diluted	
GAAP metrics, as reported	\$5,359	34.3 %	\$ 5,428	34.8 %	\$ (69)	(0.4)%	\$ 63	\$(202)	\$ (0.55)	
Adjustments for:										
Inventory impairment charges (a)	58	0.4 %	—	— %	58	0.4 %	9	49	0.13	
Yeezy Gap impairment charges (b)	53	0.3 %	—	— %	53	0.3 %	9	44	0.12	
Loss on divestiture activity (c)	—	— %	(35)	(0.2)%	35	0.2 %	5	30	0.08	
Gain on sale of building	—	— %	83	0.5 %	(83)	(0.5)%	(17)	(66)	(0.18)	
Non-GAAP metrics	\$5,470	35.0 %	\$ 5,476	35.1 %	\$ (6)	— %	\$ 69	\$(145)	\$ (0.40)	

(a) Represents the inventory impairment charges as a result of delayed seasonal product and extended size product, primarily at Old Navy.

(b) Represents the impairment charges as a result of the decision to discontinue the Yeezy Gap business, primarily related to inventory.

(c) Represents the impact of the loss on divestiture activity related to the transition of the Old Navy Mexico business.

The Gap, Inc.
NET SALES RESULTS
UNAUDITED

The following table details the Company's fourth quarters and fiscal years 2023 and 2022 net sales (unaudited):

(\$ in millions)	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (3)	Total
14 Weeks Ended February 3, 2024 (1)						
U.S. (2)	\$ 2,107	\$ 768	\$ 494	\$ 407	\$ 17	\$ 3,793
Canada	171	99	48	12	—	330
Other regions	10	140	25	—	—	175
Total	<u>\$ 2,288</u>	<u>\$ 1,007</u>	<u>\$ 567</u>	<u>\$ 419</u>	<u>\$ 17</u>	<u>\$ 4,298</u>
(\$ in millions)						
13 Weeks Ended January 28, 2023						
U.S. (2)	\$ 1,982	\$ 709	\$ 505	\$ 423	\$ 2	\$ 3,621
Canada	165	91	49	10	—	315
Other regions	19	261	24	3	—	307
Total	<u>\$ 2,166</u>	<u>\$ 1,061</u>	<u>\$ 578</u>	<u>\$ 436</u>	<u>\$ 2</u>	<u>\$ 4,243</u>
(\$ in millions)						
53 Weeks Ended February 3, 2024 (1)						
U.S. (2)	\$ 7,460	\$ 2,470	\$ 1,681	\$ 1,310	\$ 46	\$ 12,967
Canada	674	332	170	45	—	1,221
Other regions	69	539	88	5	—	701
Total	<u>\$ 8,203</u>	<u>\$ 3,341</u>	<u>\$ 1,939</u>	<u>\$ 1,360</u>	<u>\$ 46</u>	<u>\$ 14,889</u>
(\$ in millions)						
52 Weeks Ended January 28, 2023						
U.S. (2)	\$ 7,471	\$ 2,461	\$ 1,829	\$ 1,428	\$ 12	\$ 13,201
Canada	679	332	192	33	—	1,236
Other regions	84	981	95	19	—	1,179
Total	<u>\$ 8,234</u>	<u>\$ 3,774</u>	<u>\$ 2,116</u>	<u>\$ 1,480</u>	<u>\$ 12</u>	<u>\$ 15,616</u>

(1) Fiscal 2023 includes incremental sales attributable to the 53rd week.

(2) U.S. includes the United States and Puerto Rico.

(3) Primarily consists of net sales from revenue-generating strategic initiatives.

The Gap, Inc.
REAL ESTATE

Store count, openings, closings, and square footage for our stores are as follows:

	January 28, 2023	53 Weeks Ended February 3, 2024		February 3, 2024	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,238	25	20	1,243	19.8
Gap North America	493	1	22	472	5.0
Gap Asia (1)	232	2	11	134	1.2
Banana Republic North America	419	2	21	400	3.3
Banana Republic Asia	46	4	7	43	0.2
Athleta North America	257	25	12	270	1.1
Company-operated stores total	2,685	59	93	2,562	30.6
Franchise (1)	667	293	96	998	N/A
Total	3,352	352	189	3,560	30.6

(1) The 89 Gap China stores that were transitioned to Baozun during the period are not included as store closures or openings for Company-operated and Franchise store activity. The ending balance for Gap Asia excludes Gap China stores and the ending balance for Franchise includes Gap China locations transitioned during the period.