

**The Gap, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**UNAUDITED**

(\$ in millions)	May 4, 2024	April 29, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,532	\$ 1,170
Short-term investments	199	—
Merchandise inventory	1,952	2,299
Other current assets	514	814
Total current assets	4,197	4,283
Property and equipment, net of accumulated depreciation	2,528	2,646
Operating lease assets	3,207	3,123
Other long-term assets	976	880
Total assets	\$ 10,908	\$ 10,932
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,196	\$ 1,199
Accrued expenses and other current liabilities	942	1,051
Current portion of operating lease liabilities	624	658
Income taxes payable	44	10
Total current liabilities	2,806	2,918
Long-term liabilities:		
Revolving credit facility	—	350
Long-term debt	1,489	1,487
Long-term operating lease liabilities	3,387	3,453
Other long-term liabilities	519	539
Total long-term liabilities	5,395	5,829
Total stockholders' equity	2,707	2,185
Total liabilities and stockholders' equity	\$ 10,908	\$ 10,932

**The Gap, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**UNAUDITED**

	13 Weeks Ended	
	May 4, 2024	April 29, 2023
(\$ and shares in millions except per share amounts)		
Net sales	\$ 3,388	\$ 3,276
Cost of goods sold and occupancy expenses	1,991	2,062
Gross profit	1,397	1,214
Operating expenses	1,192	1,224
Operating income (loss)	205	(10)
Interest, net	(3)	10
Income (loss) before income taxes	208	(20)
Income tax expense (benefit)	50	(2)
Net income (loss)	<u>\$ 158</u>	<u>\$ (18)</u>
Weighted-average number of shares - basic	374	367
Weighted-average number of shares - diluted	383	367
Earnings (loss) per share - basic	\$ 0.42	\$ (0.05)
Earnings (loss) per share - diluted	\$ 0.41	\$ (0.05)

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

(\$ in millions)	13 Weeks Ended	
	May 4, 2024 (a)	April 29, 2023 (a)
Cash flows from operating activities:		
Net income (loss)	\$ 158	\$ (18)
Depreciation and amortization	124	137
Gain on sale of building	—	(47)
Change in merchandise inventory	38	83
Change in accounts payable	(152)	(102)
Change in accrued expenses and other current liabilities	(158)	(22)
Change in income taxes payable, net of receivables and other tax-related items	13	(49)
Other, net	7	33
Net cash provided by operating activities	<u>30</u>	<u>15</u>
Cash flows from investing activities:		
Purchases of property and equipment	(93)	(117)
Net proceeds from sale of building	—	76
Purchases of short-term investments	(201)	—
Proceeds from sales and maturities of short-term investments	3	—
Net proceeds from divestiture activity, net of cash paid	—	11
Net cash used for investing activities	<u>(291)</u>	<u>(30)</u>
Cash flows from financing activities:		
Proceeds from issuances under share-based compensation plans	10	7
Withholding tax payments related to vesting of stock units	(31)	(10)
Cash dividends paid	(56)	(55)
Net cash used for financing activities	<u>(77)</u>	<u>(58)</u>
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(2)	(2)
Net decrease in cash, cash equivalents, and restricted cash	<u>(340)</u>	<u>(75)</u>
Cash, cash equivalents, and restricted cash at beginning of period	1,901	1,273
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,561</u>	<u>\$ 1,198</u>

(a) For the thirteen weeks ended May 4, 2024 and April 29, 2023, total cash, cash equivalents, and restricted cash includes \$29 million and \$28 million, respectively, of restricted cash recorded within 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)	13 Weeks Ended	
	May 4, 2024	April 29, 2023
Net cash provided by operating activities	\$ 30	\$ 15
Less: Purchases of property and equipment	(93)	(117)
Free cash flow	\$ (63)	\$ (102)

**The Gap, Inc.**  
**NON-GAAP FINANCIAL MEASURES**  
**UNAUDITED**

**ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE FIRST QUARTER OF 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)										
13 Weeks Ended April 29, 2023	Gross Profit	Gross Margin	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income (Loss)	Operating Margin (b)	Income Tax Expense (Benefit)	Net Income (Loss)	Earnings (Loss) per Share - Diluted (b)	
GAAP metrics, as reported	\$ 1,214	37.1 %	\$ 1,224	37.4 %	\$ (10)	(0.3)%	\$ (2)	\$ (18)	\$ (0.05)	
Adjustments for:										
Gain on sale of building	—	— %	47	1.4 %	(47)	(1.4)%	(11)	(36)	(0.10)	
Restructuring costs (a)	4	0.1 %	(71)	(2.2)%	75	2.3 %	18	57	0.15	
Non-GAAP metrics	<u>\$ 1,218</u>	<u>37.2 %</u>	<u>\$ 1,200</u>	<u>36.6 %</u>	<u>\$ 18</u>	<u>0.5 %</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 0.01</u>	

(a) Includes \$62 million of employee-related costs and \$13 million of consulting and other associated costs related to our previously announced actions to further simplify and optimize our operating model and structure.

(b) Metrics were computed individually for each line item; therefore, the sum of the individual lines may not equal the total.

**The Gap, Inc.**  
**NET SALES RESULTS**  
**UNAUDITED**

The following table details the Company's first quarter fiscal year 2024 and 2023 net sales (unaudited):

(\$ in millions) 13 Weeks Ended May 4, 2024	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	\$ 1,761	\$ 513	\$ 383	\$ 318	\$ 14	\$ 2,989
Canada	146	66	36	10	—	258
Other regions	9	110	21	1	—	141
Total	<u>\$ 1,916</u>	<u>\$ 689</u>	<u>\$ 440</u>	<u>\$ 329</u>	<u>\$ 14</u>	<u>\$ 3,388</u>

(\$ in millions) 13 Weeks Ended April 29, 2023	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	\$ 1,659	\$ 496	\$ 374	\$ 309	\$ 3	\$ 2,841
Canada	145	61	36	10	—	252
Other regions	24	135	22	2	—	183
Total	<u>\$ 1,828</u>	<u>\$ 692</u>	<u>\$ 432</u>	<u>\$ 321</u>	<u>\$ 3</u>	<u>\$ 3,276</u>

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

(2) 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:

	February 3, 2024	13 Weeks Ended May 4, 2024		May 4, 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	1,243	5	4	1,244	19.8
Gap North America	472	—	6	466	4.9
Gap Asia	134	—	2	132	1.2
Banana Republic North America	400	—	3	397	3.3
Banana Republic Asia	43	1	1	43	0.2
Athleta North America	270	2	—	272	1.1
Company-operated stores total	2,562	8	16	2,554	30.5
Franchise	998	37	18	1,017	N/A
<b>Total</b>	<b>3,560</b>	<b>45</b>	<b>34</b>	<b>3,571</b>	<b>30.5</b>