

The Gap, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(\$ in millions)	November 2, 2024	October 28, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,969	\$ 1,351
Short-term investments	250	—
Merchandise inventory	2,331	2,377
Other current assets	580	646
Total current assets	<u>5,130</u>	<u>4,374</u>
Property and equipment, net of accumulated depreciation	2,546	2,552
Operating lease assets	3,217	3,200
Other long-term assets	960	926
Total assets	<u>\$ 11,853</u>	<u>\$ 11,052</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,523	\$ 1,433
Accrued expenses and other current liabilities	1,135	1,078
Current portion of operating lease liabilities	617	604
Income taxes payable	50	24
Total current liabilities	<u>3,325</u>	<u>3,139</u>
Long-term liabilities:		
Long-term debt	1,489	1,488
Long-term operating lease liabilities	3,360	3,456
Other long-term liabilities	544	509
Total long-term liabilities	<u>5,393</u>	<u>5,453</u>
Total stockholders' equity	<u>3,135</u>	<u>2,460</u>
Total liabilities and stockholders' equity	<u>\$ 11,853</u>	<u>\$ 11,052</u>

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

(\$ and shares in millions except per share amounts)	13 Weeks Ended		39 Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net sales	\$ 3,829	\$ 3,767	\$ 10,937	\$ 10,591
Cost of goods sold and occupancy expenses	2,194	2,211	6,322	6,488
Gross profit	1,635	1,556	4,615	4,103
Operating expenses	1,280	1,306	3,762	3,757
Operating income	355	250	853	346
Interest, net	(6)	—	(12)	8
Income before income taxes	361	250	865	338
Income tax expense	87	32	227	21
Net income	\$ 274	\$ 218	\$ 638	\$ 317
Weighted-average number of shares - basic	377	371	376	369
Weighted-average number of shares - diluted	383	375	383	373
Earnings per share - basic	\$ 0.73	\$ 0.59	\$ 1.70	\$ 0.86
Earnings per share - diluted	\$ 0.72	\$ 0.58	\$ 1.67	\$ 0.85

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

(\$ in millions)	39 Weeks Ended	
	November 2, 2024 (a)	October 28, 2023 (a)
Cash flows from operating activities:		
Net income	\$ 638	\$ 317
Depreciation and amortization	371	394
Gain on sale of building	—	(47)
Change in merchandise inventory	(344)	(5)
Change in accounts payable	156	133
Other, net	49	40
Net cash provided by operating activities	<u>870</u>	<u>832</u>
Cash flows from investing activities:		
Purchases of property and equipment	(330)	(288)
Net proceeds from sale of building	—	76
Purchases of short-term investments	(343)	—
Proceeds from sales and maturities of short-term investments	97	—
Net proceeds from divestiture activity, net of cash paid	—	9
Net cash used for investing activities	<u>(576)</u>	<u>(203)</u>
Cash flows from financing activities:		
Repayments of revolving credit facility	—	(350)
Proceeds from issuances under share-based compensation plans	27	18
Withholding tax payments related to vesting of stock units	(48)	(16)
Cash dividends paid	(169)	(166)
Other	(3)	(2)
Net cash used for financing activities	<u>(193)</u>	<u>(516)</u>
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(4)	(7)
Net increase in cash, cash equivalents, and restricted cash	<u>97</u>	<u>106</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>\$ 1,998</u>	<u>\$ 1,379</u>

(a) For the thirty-nine weeks ended November 2, 2024 and October 28, 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)	39 Weeks Ended	
	November 2, 2024	October 28, 2023
Net cash provided by operating activities	\$ 870	\$ 832
Less: Purchases of property and equipment	(330)	(288)
Free cash flow	\$ 540	\$ 544

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE THIRD 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. 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, on an annualized basis, 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 October 28, 2023	Operating Expenses	Operating Expenses as a % of Net Sales (b)	Operating Income	Operating Margin (b)	Income Tax Expense	Net Income	Earnings per Share - Diluted	
GAAP metrics, as reported	\$ 1,306	34.7 %	\$ 250	6.6 %	\$ 32	\$ 218	\$ 0.58	
Adjustments for:								
Restructuring costs (a)	(5)	(0.1)%	5	0.1 %	2	3	0.01	
Non-GAAP metrics	<u>\$ 1,301</u>	<u>34.5 %</u>	<u>\$ 255</u>	<u>6.8 %</u>	<u>\$ 34</u>	<u>\$ 221</u>	<u>\$ 0.59</u>	

(a) Primarily represents 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 third quarter fiscal year 2024 and 2023 net sales (unaudited):

(\$ in millions) 13 Weeks Ended November 2, 2024	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	\$ 1,949	\$ 683	\$ 406	\$ 281	\$ 21	\$ 3,340
Canada	190	95	43	9	—	337
Other regions	11	121	20	—	—	152
Total	<u>\$ 2,150</u>	<u>\$ 899</u>	<u>\$ 469</u>	<u>\$ 290</u>	<u>\$ 21</u>	<u>\$ 3,829</u>

(\$ in millions) 13 Weeks Ended October 28, 2023	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (2)	Total
U.S. (1)	\$ 1,917	\$ 664	\$ 398	\$ 267	\$ 15	\$ 3,261
Canada	193	96	42	10	—	341
Other regions	16	127	20	2	—	165
Total	<u>\$ 2,126</u>	<u>\$ 887</u>	<u>\$ 460</u>	<u>\$ 279</u>	<u>\$ 15</u>	<u>\$ 3,767</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	39 Weeks Ended November 2, 2024		November 2, 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	19	7	1,255	19.9
Gap North America	472	3	14	461	4.9
Gap Asia	134	—	9	125	1.1
Banana Republic North America	400	3	10	393	3.3
Banana Republic Asia	43	2	5	40	0.1
Athleta North America	270	2	2	270	1.1
Company-operated stores total	2,562	29	47	2,544	30.4
Franchise	998	121	60	1,059	N/A
Total	3,560	150	107	3,603	30.4