

Gap Inc. Fiscal 2022

FOURTH QUARTER EARNINGS RESULTS

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Forward Looking Statements / Non-GAAP Financial Measures

FORWARD LOOKING STATEMENTS

This conference call and webcast contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements include statements identified as such in our March 9, 2023 earnings press release.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. Additional information regarding factors that could cause results to differ can be found in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022, as well as the Company's subsequent filings with the Securities and Exchange Commission.

These forward-looking statements are based on information as of March 9, 2023. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

SEC REGULATION G

This conference call and webcast include the non-GAAP measures adjusted gross profit, adjusted gross margin, adjusted operating expenses/adjusted SG&A, adjusted operating income (loss), adjusted operating margin, adjusted net income (loss), and adjusted diluted earnings (loss) per share. The description and reconciliation of these measures from the most directly comparable GAAP measure is included in our March 9, 2023 earnings press release, which is available on investors.gapinc.com.

Our purpose-led, billion-dollar lifestyle brands



OLD NAVY

WE BELIEVE IN THE
DEMOCRACY OF STYLE



GAP

MODERN AMERICAN
OPTIMISM



BANANA REPUBLIC

A SPIRIT
OF ADVENTURE







ATHLETA

THE POWER
OF SHE

Q4 2022

Net Sales Growth & Comparable Sales

Gap Inc.					
NET:	(6%)	(6%)	(9%)	(6%)	(1%)
COMP:	(5%)	(7%)	(4%)	(3%)	(5%)

Q4 2022 P&L Summary (REPORTED)

UNAUDITED (\$ Millions)

	Q4 2022	Q4 2021 ⁽¹⁾	Q4 2022 vs. Q4 2021
Net Sales	\$4,243	\$4,525	(6%)
Comparable Sales	(5%)	+3%	
Gross Profit	\$1,424	\$1,523	(7%)
% of Sales	33.6%	33.7%	(10 bps)
Merchandise Margin B/(W)			+20 bps
ROD % of Sales B/(W)			(30 bps)
Operating Expenses	\$1,454	\$1,515	(4%)
% of Sales	34.3%	33.5%	+80 bps
Operating Income (Loss)	(\$30)	\$8	n/a
% of Sales	(0.7%)	0.2%	(90 bps)
Net Income (Loss)	(\$273)	(\$16)	
Diluted Earnings (Loss) Per Share	(\$0.75)	(\$0.04)	(\$0.71)

(1) Includes costs related to changes in the company's European operating model.



Q4 2022 P&L Summary

(VS. Q4 2021
ADJUSTED)

UNAUDITED

(\$ Millions)

	Q4 2022 ⁽¹⁾	Q4 2021	Q4 2022 vs. Q4 2021
Net Sales	\$4,243	\$4,525	(6%)
Comparable Sales	(5%)	+3%	
Gross Profit	\$1,424	\$1,523	(7%)
% of Sales	33.6%	33.7%	(10 bps)
Merchandise Margin B/(W)			+20 bps
ROD % of Sales B/(W)			(30 bps)
Adjusted Operating Expenses	\$1,454	\$1,507 ⁽²⁾	(4%)
% of Sales	34.3%	33.3% ⁽²⁾	+100 bps
Adjusted Operating Income (Loss)	(\$30)	\$16 ⁽²⁾	n/a
% of Sales	(0.7%)	0.4% ⁽²⁾	(110 bps)
Adjusted Net Income (Loss)	(\$273)	(\$8) ⁽²⁾	
Adjusted Diluted Earnings (Loss) Per Share	(\$0.75)	(\$0.02) ⁽²⁾	(\$0.73)





(1) There were no adjusted metrics in Q4 2022.

(2) The description and reconciliation of these measures from their nearest GAAP measure is included in our March 9, 2023 earnings press release, which is available on investors.gapinc.com.



FY 2022

Net Sales Growth & Comparable Sales

Gap Inc.					
NET:	(6%)	(9%)	(7%)	+7%	+2%
COMP:	(7%)	(12%)	(4%)	+9%	(5%)

FY 2022 P&L Summary (REPORTED)

UNAUDITED

(\$ Millions)

	FY 2022 ⁽¹⁾	FY 2021 ⁽²⁾	FY 2022 vs. FY 2021
Net Sales	\$15,616	\$16,670	(6%)
Comparable Sales	(7%)	+6%	
Gross Profit	\$5,359	\$6,637	(19%)
% of Sales	34.3%	39.8%	(550 bps)
Merchandise Margin B/(W)			(500 bps)
ROD % of Sales B/(W)			(50 bps)
Operating Expenses	\$5,428	\$5,827	(7%)
% of Sales	34.8%	35.0%	(20 bps)
Operating Income (Loss)	(\$69)	\$810	
% of Sales	(0.4%)	4.9%	(530 bps)
Net Income (Loss)	(\$202)	\$256	
Diluted Earnings (Loss) Per Share	(\$0.55)	\$0.67	(\$1.22)

(1) Includes impairment charges related to unproductive inventory and Yeezy Gap, costs related to the transition of the Old Navy Mexico business and a gain on sale of the UK distribution center.

(2) Includes one-time fees associated with restructuring the company's long-term debt and charges related to divestiture activity and changes to the company's European operating model.



FY 2022 P&L Summary (ADJUSTED)

UNAUDITED
(\$ Millions)

	FY 2022	FY 2021	FY 2022 vs. FY 2021
Net Sales	\$15,616	\$16,670	(6%)
Comparable Sales	(7%)	+6%	
Adjusted Gross Profit	\$5,470 ⁽¹⁾	\$6,628 ⁽¹⁾	(17%)
% of Sales	35.0% ⁽¹⁾	39.8% ⁽¹⁾	(480 bps)
Merchandise Margin B/(W)			(430 bps)
ROD % of Sales B/(W)			(50 bps)
Adjusted Operating Expenses	\$5,476 ⁽¹⁾	\$5,718 ⁽¹⁾	(4%)
% of Sales	35.1% ⁽¹⁾	34.3% ⁽¹⁾	+80 bps
Adjusted Operating Income (Loss)	(\$6) ⁽¹⁾	\$910 ⁽¹⁾	
% of Sales	0.0% ⁽¹⁾	5.5% ⁽¹⁾	(550 bps)
Adjusted Net Income (Loss)	(\$145) ⁽¹⁾	\$552 ⁽¹⁾	
Adjusted Diluted Earnings (Loss) Per Share	(\$0.40) ⁽¹⁾	\$1.44 ⁽¹⁾	(\$1.84)

(1) The description and reconciliation of these measures from their nearest GAAP measure is included in our March 9, 2023 earnings press release, which is available on investors.gapinc.com.



Improving Value by Turning Customers into Lifetime Loyalists

OVER **40** MILLION ACTIVE
LOYALTY MEMBERS ⁽¹⁾

Spend **2X** more annually ⁽²⁾

3X more likely
to shop across channels ⁽²⁾

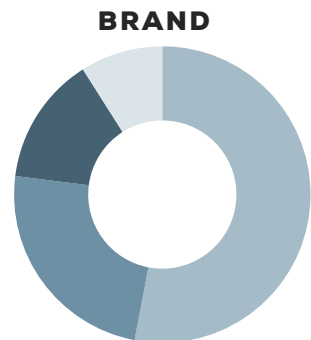
3X more likely to shop
multiple brands ⁽²⁾

⁽¹⁾ Defined as loyalty members who have made a purchase in the past 12 months, includes credit card holders.

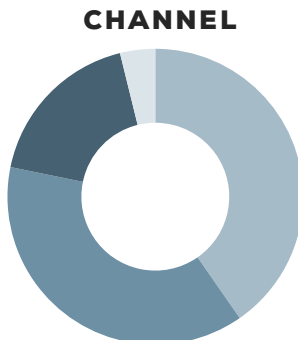
⁽²⁾ Based on rolling 12-month data through January 2023.

We have Omni-Strength in North America

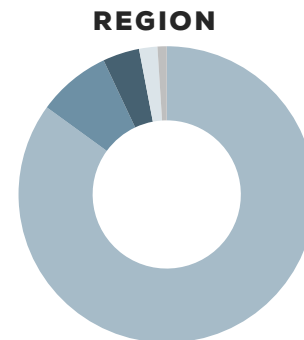
- Less than 20% of revenue generated from indoor malls
- Over 90% of net sales generated in North America and partnering to amplify our reach internationally



■ Old Navy **53%**
■ Gap **24%**
■ Banana Republic **14%**
■ Athleta **9%**



■ Strip & Lifestyle Centers **40%⁽¹⁾**
■ Online **38%⁽²⁾**
■ Indoor Mall **18%**
■ Street **4%**



■ U.S. **85%**
■ Canada **8%**
■ Asia **4%**
■ Other **2%**
■ Europe **1%**

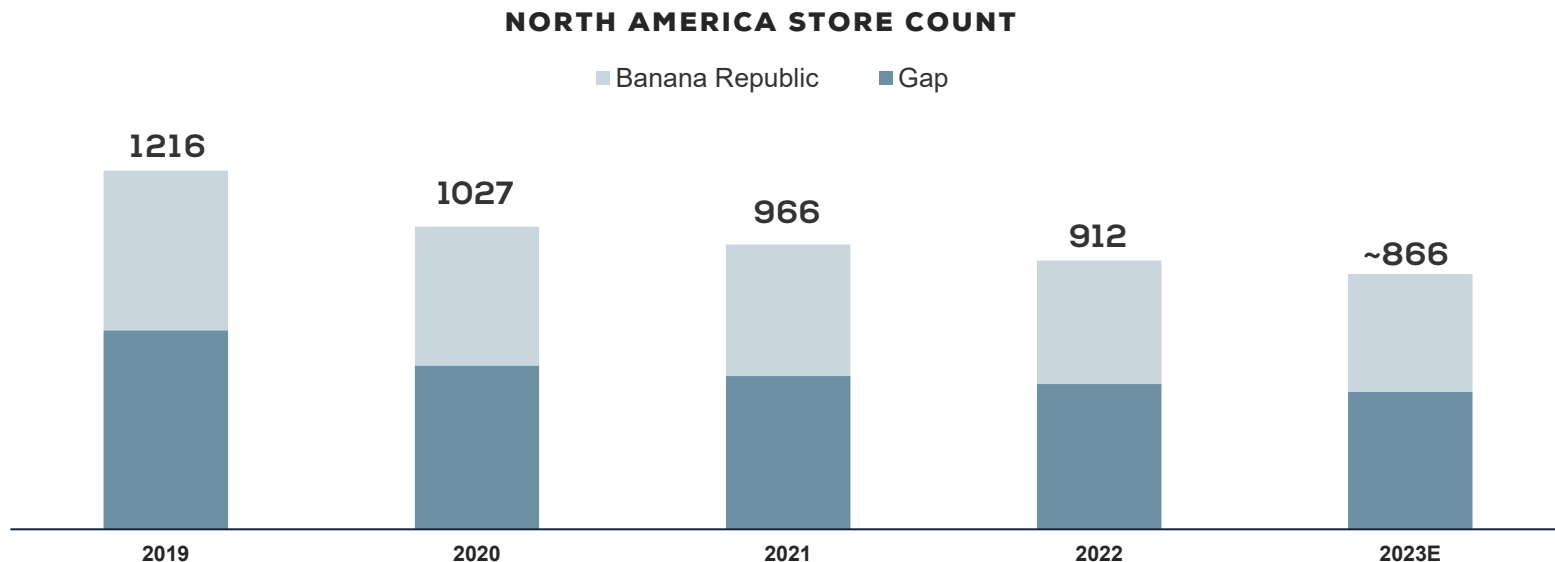
Note: All data based on FY 2022 net sales.

(1) Includes Open Air Malls and Outlet Centers.

(2) Also includes sales from products that are picked up or shipped from stores.

Rationalizing our North America Fleet

- On-track to close 350 N.A. Gap and Banana Republic stores by the end of Fiscal 2023



Commitment to Environmental, Social & Governance Performance



1.29 Million+

women and girls reached by
P.A.C.E. since 2007



15,000+

youth hired by This Way Onward
since 2007



2.3 Million+

people reached with improved water
access through Women + Water
since 2017



A

Rating received for CDP Water



81%

of cotton sourced from more
sustainable sources⁽¹⁾



100%

of fabrics with PFC-based finishes
successfully converted or exited⁽²⁾

(1) Defined as: Better Cotton (formerly BCI), verified US-grown cotton (USCTP), organic, in-conversion (to verified organic), recycled or regenerative.

(2) PFC (defined as PFAS, per- and polyfluoroalkyl substances)-based finishes are no longer being used intentionally in production. Most products in store as of January 1, 2023 are produced without PFC-based finishes, but due to transportation and store inventory timelines, some styles available for purchase still have a PFC-based finish.