

Gap Inc. Fiscal 2021

FIRST 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 May 27, 2021 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 30, 2021, as well as the Company's subsequent filings with the Securities and Exchange Commission.

These forward-looking statements are based on information as of May 27, 2021. 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 presentation includes the non-GAAP measure free cash flow, adjusted operating expenses, adjusted operating income, adjusted earnings per share, and adjusted expected earnings per share. The description and reconciliation of these measures from GAAP is included in our May 27, 2021 earnings press release, which is available on investors.gapinc.com.

We grow purpose-led, billion-dollar brands that shape people's way of life.



OLD NAVY



GAP



BANANA REPUBLIC



ATHLETA



Power Plan 2023

Power of our Brands

Grow purpose-led, billion-dollar lifestyle brands

Power of our Platform

Leverage our omni capabilities and scaled operations and extend our engineered approach to cost and growth

Power of our Portfolio

Extend our customer reach across every age, body and occasion through our collective power



Q1 2021

Financial Highlights

- Net sales up 89% versus 2020 and up 8% versus 2019
 - Net sales growth in the quarter reflects a negative 7 percentage point impact from COVID-related and strategic store closures
- Online sales grew 61% versus 2020 and 82% versus 2019
- Comparable sales up 28% versus 2020 and up 13% versus 2019
- Raised full year guidance for sales, operating margin, and earnings per share ⁽¹⁾

(1) The company noted that this outlook reflects lost revenue attributable to the divestitures of Janie and Jack and Intermix, which together represented approximately 2% of annual company sales.



Q1 2021 P&L Summary

REPORTED

(\$ Millions)

	Q1 2021	Q1 2020	Q1 2021 vs. Q1 2020	Q1 2019 ⁽¹⁾	Q1 2021 vs. Q1 2019
Net Sales	\$3,991	\$2,107	+89%	\$3,706	+8%
Gross Profit	\$1,630	\$268	+508%	\$1,344	+21%
% of Sales	40.8%	12.7%	+2810 bps	36.3%	+450 bps
Merchandise Margin B/(W) LY	+1390 bps	(1370 bps)		(120 bps)	
ROD % of Sales B/(W) LY	+1420 bps	(990 bps)		(20 bps)	
Operating Expenses	\$1,390	\$1,512	(8%)	\$1,028	+35%
% of Sales	34.8%	71.8%	(3700 bps)	27.7%	+710 bps
Operating Income (Loss)	\$240	(\$1,244)	n/a	\$316	(24%)
% of Sales	6.0%	(59.0%)	+6500 bps	8.5%	(250 bps)
Net Income (Loss)	\$166	(\$932)	n/a	\$227	(27%)
Diluted EPS	\$0.43	(\$2.51)	n/a	\$0.60	(28%)

(1) First quarter of fiscal 2019 information provided for comparability.

Q1 2021 P&L Summary

ADJUSTED

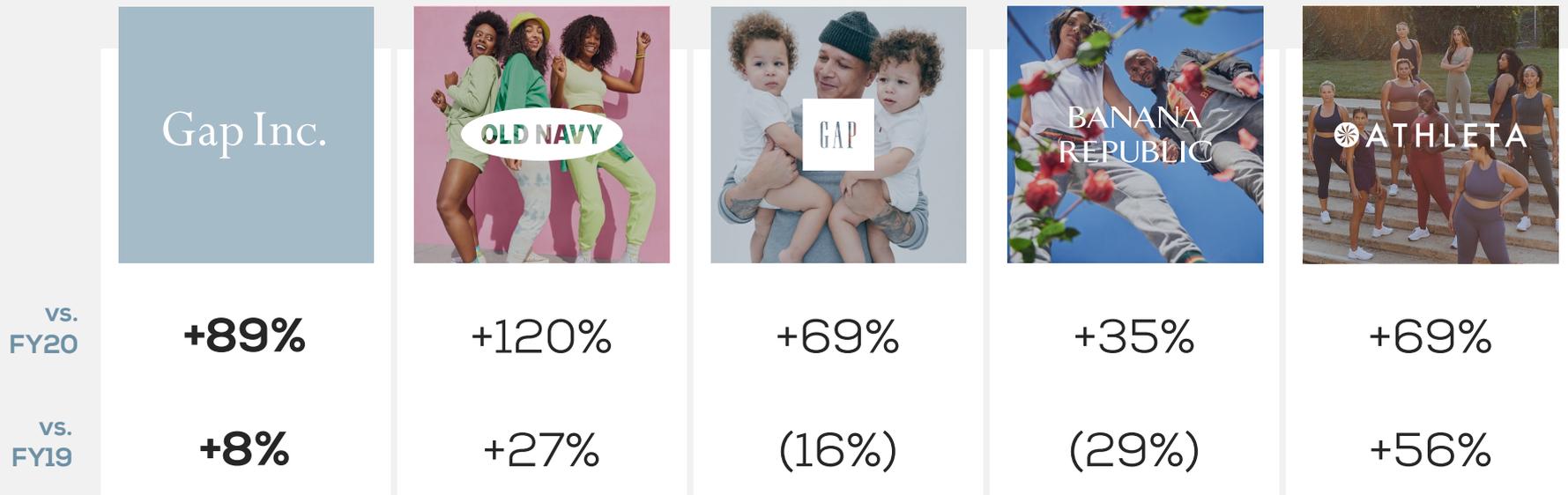
(\$ Millions)

	Q1 2021	Q1 2020	Q1 2021 vs. Q1 2020	Q1 2019 ⁽²⁾	Q1 2021 vs. Q1 2019
Net Sales	\$3,991	\$2,107	+89%	\$3,706	+8%
Gross Profit	\$1,630	\$268	+508%	\$1,344	+21%
% of Sales	40.8%	12.7%	+2810 bps	36.3%	+450 bps
Merchandise Margin B/(W) LY	+1390 bps	(1370 bps)		(120 bps)	
ROD % of Sales B/(W) LY	+1420 bps	(990 bps)		(20 bps)	
Adjusted Operating Expenses	\$1,334 ⁽¹⁾	\$1,512	(12%)	\$1,214 ⁽¹⁾	+10%
% of Sales	33.4% ⁽¹⁾	71.8%	(3840 bps)	32.8% ⁽¹⁾	+60 bps
Adjusted Operating Income (Loss)	\$296 ⁽¹⁾	(\$1,244)	n/a	\$130 ⁽¹⁾	+128%
% of Sales	7.4% ⁽¹⁾	(59.0%)	+6640 bps	3.5% ⁽¹⁾	+390 bps
Adjusted Net Income (Loss)	\$186 ⁽¹⁾	(\$932)	n/a	\$90 ⁽¹⁾	+107%
Adjusted Diluted EPS	\$0.48 ⁽¹⁾	(\$2.51)	n/a	\$0.24 ⁽¹⁾	+100%

(1) The description and reconciliation of these measures from GAAP is included in our May 27, 2021 earnings press release, which is available on investors.gapinc.com.

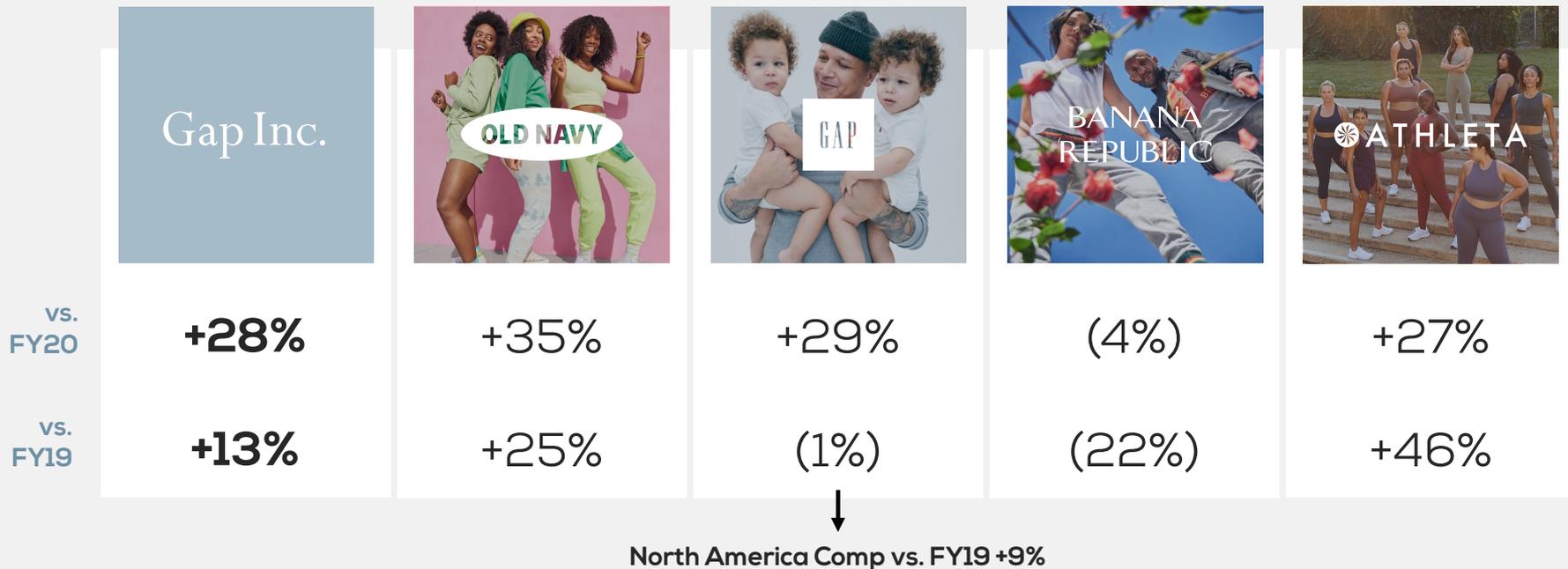
(2) First quarter of fiscal 2019 information provided for comparability.

Q1 2021 Net Sales Growth



Note: Due to the significant impact of COVID-related store closures last year, comparisons for the first quarter of 2019 are also included.

Q1 2021 Comparable Sales

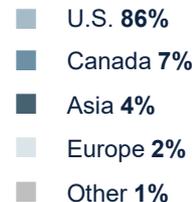
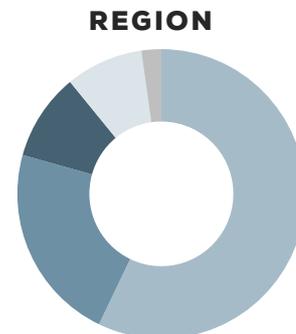
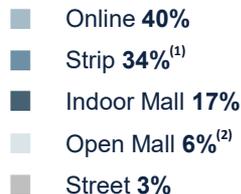
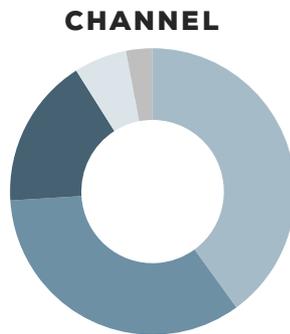
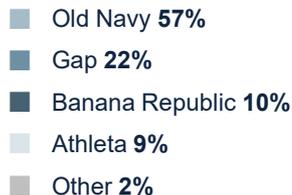
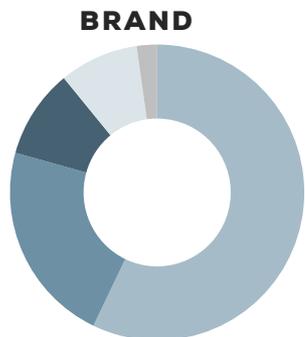


Note: Due to the significant impact of COVID-related store closures last year, comparisons for the first quarter of 2019 are also included.

Q1 2021

Revenue Breakdown

- Higher-margin Old Navy and Athleta are 66% of company sales and on a path to 70% by 2023
- Highly-attractive online, strip, and street locations are ~80% of company sales



Note: All data based on Q1 2021 net sales.

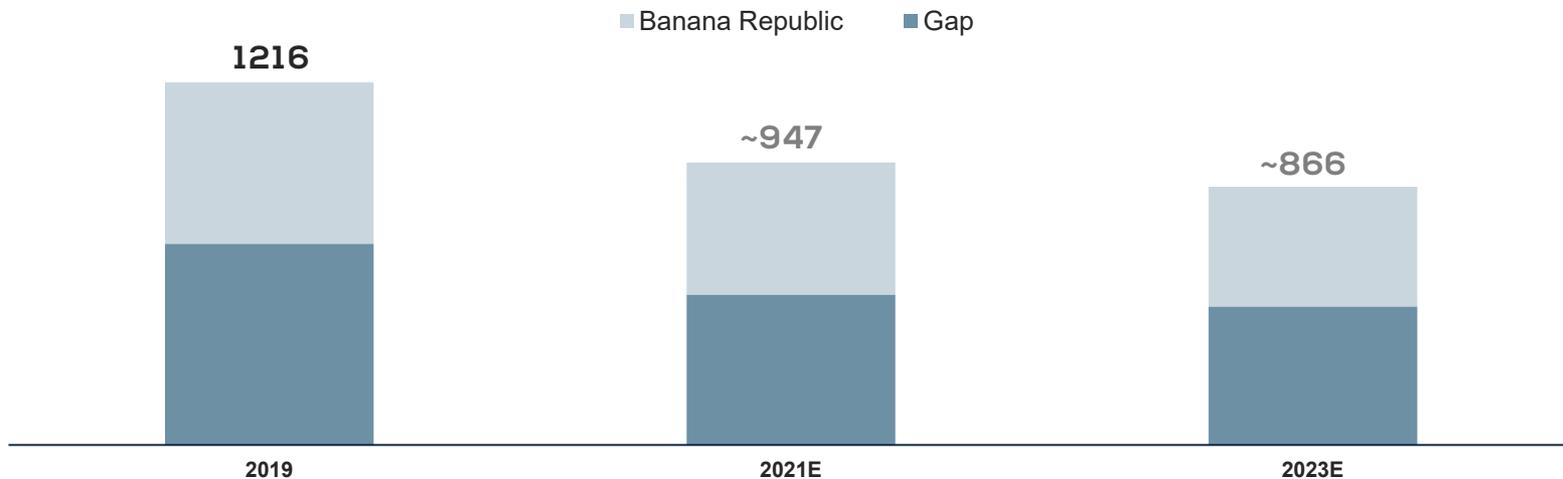
(1) Includes Strip and Lifestyle Centers. (2) Includes Open Malls and Outlet Centers.

Q1 2021

Rationalizing Our Store Fleet

- On-track to close 350 N.A. Gap and Banana Republic stores by end of FY23
- ~75% of North America closures complete by end of FY21

NORTH AMERICA STORE COUNT



We have omni-strength in North America and are partnering to amplify our reach.

62
MILLION

active customers globally as of the end of Q1 2021⁽¹⁾

>60%
INCREASE

in new online customers acquired vs. last year⁽²⁾

5.4
MILLION

customers enrolled into our multi-tender loyalty program in Q1 2021

(1) Refers to total number of customers who have made a purchase in the past 12 months.

(2) Represents growth in number of new customers who have made an online purchase on our site.

Commitment to Environmental, Social & Governance Performance

ENVIRONMENTAL

11.2B

liters of water
saved in manufacturing
since 2017



65%

diversion rate of
plastic waste
across stores and distribution centers



90MW

wind project online



SOCIAL

Ranked 100%
in HRC's Corporate
Equality Index
for the 15th year in a row



92%

of suppliers using
digital wage payments
support financial inclusion in the
garment industry



>800k

Women & Girls
reached through
P.A.C.E. program



GOVERNANCE

6 of 13
Directors
are women



Annual
Global
Sustainability
Report
with SASB disclosure since 2018



Regular Board
& Committee
Oversight
including Governance and
Sustainability Committee



Q1 2021

Fiscal 2021 Outlook

	AS OF MARCH 4, 2021	AS OF MAY 27, 2021
Reported Diluted Earnings per Share	\$1.20 - \$1.35	\$1.55 - \$1.70
Adjusted Diluted Earnings per Share ⁽¹⁾	--	\$1.60 - \$1.75
Net Sales Growth ⁽²⁾	Mid to high-teens	Low-to-mid twenties
Operating Margin	About 5%	About 6%
Net Interest Expense	About \$210 million	About \$210 million
Reported Effective Tax Rate	About 25%	About 24%
Adjusted Effective Tax Rate ⁽¹⁾	--	About 25%
Capital Expenditures	About \$800 million	About \$800 million

(1) Excludes one-time charges associated with divestiture activity related to the Janie & Jack and Intermix businesses.

(2) The company noted that this outlook reflects lost revenue attributable to the divestitures of Janie and Jack and Intermix, which together represented approximately 2% of annual company sales.