

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

(\$ in millions)	<u>May 2, 2020</u>	<u>May 4, 2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,028	\$ 941
Short-term investments	51	272
Merchandise inventory	2,217	2,242
Other current assets	920	757
Total current assets	<u>4,216</u>	<u>4,212</u>
Property and equipment, net	2,945	3,129
Operating lease assets	4,851	5,732
Other long-term assets	698	547
Total assets	<u>\$ 12,710</u>	<u>\$ 13,620</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving credit facility	\$ 500	\$ -
Accounts payable	971	994
Accrued expenses and other current liabilities	1,051	882
Current portion of operating lease liabilities	886	929
Income taxes payable	23	26
Total current liabilities	<u>3,431</u>	<u>2,831</u>
Long-term liabilities:		
Long-term debt	1,250	1,249
Long-term operating lease liabilities	5,331	5,597
Lease incentives and other long-term liabilities	381	372
Total long-term liabilities	<u>6,962</u>	<u>7,218</u>
Total stockholders' equity	<u>2,317</u>	<u>3,571</u>
Total liabilities and stockholders' equity	<u>\$ 12,710</u>	<u>\$ 13,620</u>

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

	<b>13 Weeks Ended</b>	
	<b>May 2, 2020</b>	<b>May 4, 2019</b>
<b>(\$ and shares in millions except per share amounts)</b>		
Net sales	\$ 2,107	\$ 3,706
Cost of goods sold and occupancy expenses	1,839	2,362
Gross profit	268	1,344
Operating expenses	1,512	1,028
Operating income (loss)	(1,244)	316
Interest, net	15	14
Income (loss) before income taxes	(1,259)	302
Income taxes	(327)	75
Net income (loss)	<u>\$ (932)</u>	<u>\$ 227</u>
Weighted-average number of shares - basic	372	379
Weighted-average number of shares - diluted	372	381
Earnings (loss) per share - basic	\$ (2.51)	\$ 0.60
Earnings (loss) per share - diluted	\$ (2.51)	\$ 0.60

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

(\$ in millions)	13 Weeks Ended	
	May 2, 2020 (a)	May 4, 2019 (a)
Cash flows from operating activities:		
Net income (loss)	\$ (932)	\$ 227
Depreciation and amortization	130	138
Impairment of operating lease assets	360	-
Impairment of store assets	124	-
Gain on sale of building	-	(191)
Change in merchandise inventory	(79)	(83)
Change in income taxes payable, net of receivables and other tax-related items	(322)	36
Other, net	(221)	(98)
Net cash provided by (used for) operating activities	(940)	29
Cash flows from investing activities:		
Purchases of property and equipment	(122)	(165)
Purchase of building	-	(343)
Proceeds from sale of building	-	220
Purchases of short-term investments	(59)	(69)
Proceeds from sales and maturities of short-term investments	297	86
Purchase of Janie and Jack	-	(69)
Net cash provided by (used for) investing activities	116	(340)
Cash flows from financing activities:		
Proceeds from revolving credit facility	500	-
Proceeds from issuances under share-based compensation plans	6	10
Withholding tax payments related to vesting of stock units	(7)	(19)
Repurchases of common stock	-	(50)
Cash dividends paid	-	(92)
Net cash provided by (used for) financing activities	499	(151)
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(8)	-
Net decrease in cash, cash equivalents, and restricted cash	(333)	(462)
Cash, cash equivalents, and restricted cash at beginning of period	1,381	1,420
Cash, cash equivalents, and restricted cash at end of period	\$ 1,048	\$ 958

(a) For the thirteen weeks ended May 2, 2020 and May 4, 2019, total cash, cash equivalents, and restricted cash includes \$20 million and \$17 million, respectively, of restricted cash primarily recorded in 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 as we require regular capital expenditures to build and maintain stores and purchase new equipment to improve our business and infrastructure. 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 2, 2020	May 4, 2019
Net cash provided by (used for) operating activities	\$ (940)	\$ 29
Less: Purchases of property and equipment (a)	(122)	(165)
Free cash flow	<u>\$ (1,062)</u>	<u>\$ (136)</u>

(a) Excludes purchase of building in the first quarter of fiscal 2019.

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

The following table details the Company's first quarter net sales (unaudited):

(\$ in millions)

<b>13 Weeks Ended May 2, 2020</b>	<b>Old Navy</b>		<b>Banana</b>		<b>Total</b>
	<b>Global</b>	<b>Gap Global</b>	<b>Republic Global</b>	<b>Other (3)</b>	
U.S. (1)	\$ 949	\$ 311	\$ 245	\$ 256	\$ 1,761
Canada	77	34	24	-	135
Europe	-	54	3	-	57
Asia	1	108	12	-	121
Other regions	11	17	5	-	33
<b>Total</b>	<b>\$ 1,038</b>	<b>\$ 524</b>	<b>\$ 289</b>	<b>\$ 256</b>	<b>\$ 2,107</b>

(\$ in millions)

<b>13 Weeks Ended May 4, 2019</b>	<b>Old Navy</b>		<b>Banana</b>		<b>Total</b>
	<b>Global</b>	<b>Gap Global</b>	<b>Republic Global (2)</b>	<b>Other (4)</b>	
U.S. (1)	\$ 1,641	\$ 608	\$ 487	\$ 286	\$ 3,022
Canada	128	69	47	1	245
Europe	-	121	3	-	124
Asia	10	233	26	-	269
Other regions	20	21	5	-	46
<b>Total</b>	<b>\$ 1,799</b>	<b>\$ 1,052</b>	<b>\$ 568</b>	<b>\$ 287</b>	<b>\$ 3,706</b>

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

(2) Banana Republic Global fiscal year 2019 net sales include the Janie and Jack brand beginning March 4, 2019.

(3) Primarily consists of net sales for the Athleta, Intermix, and Hill City brands. Beginning in fiscal year 2020, Janie and Jack net sales are also included. Net sales for Athleta for the thirteen weeks ended May 2, 2020 were \$205 million.

(4) Primarily consists of net sales for the Athleta, Intermix, and Hill City brands as well as a portion of income related to our credit card agreement. Net sales for Athleta for the thirteen weeks ended May 4, 2019 were \$223 million.

**The Gap, Inc.**  
**REAL ESTATE**

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

	February 1, 2020	13 Weeks Ended May 2, 2020		May 2, 2020	
	Store Locations	Store Locations Opened	Store Locations Closed (1)	Store Locations	Square Feet (millions)
Old Navy North America	1,207	4	3	1,208	19.5
Old Navy Asia	17	-	17	-	-
Gap North America	675	-	8	667	7.1
Gap Asia	358	5	2	361	3.2
Gap Europe	137	-	7	130	1.1
Banana Republic North America	541	-	2	539	4.5
Banana Republic Asia	48	1	3	46	0.2
Athleta North America	190	1	-	191	0.8
Intermix North America	33	-	-	33	0.1
Janie and Jack North America	139	-	1	138	0.2
Company-operated stores total	3,345	11	43	3,313	36.7
Franchise	574	29	5	598	N/A
Total	3,919	40	48	3,911	36.7

(1) This represents stores permanently closed not stores temporarily closed as a result of COVID-19.