

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

(\$ in millions)	<u>April 29, 2023</u>	<u>April 30, 2022</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,170	\$ 845
Merchandise inventory	2,299	3,169
Other current assets	814	991
Total current assets	<u>4,283</u>	<u>5,005</u>
Property and equipment, net	2,646	2,791
Operating lease assets	3,123	3,587
Other long-term assets	880	874
Total assets	<u>\$ 10,932</u>	<u>\$ 12,257</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,199	\$ 1,599
Accrued expenses and other current liabilities	1,051	1,127
Current portion of operating lease liabilities	658	717
Income taxes payable	10	29
Total current liabilities	<u>2,918</u>	<u>3,472</u>
Long-term liabilities:		
Revolving credit facility	350	350
Long-term debt	1,487	1,485
Long-term operating lease liabilities	3,453	3,921
Other long-term liabilities	539	575
Total long-term liabilities	<u>5,829</u>	<u>6,331</u>
Total stockholders' equity	<u>2,185</u>	<u>2,454</u>
Total liabilities and stockholders' equity	<u>\$ 10,932</u>	<u>\$ 12,257</u>

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

	<b>13 Weeks Ended</b>	
	<b>April 29, 2023</b>	<b>April 30, 2022</b>
(\$ and shares in millions except per share amounts)		
Net sales	\$ 3,276	\$ 3,477
Cost of goods sold and occupancy expenses	2,062	2,381
Gross profit	1,214	1,096
Operating expenses	1,224	1,293
Operating loss	(10)	(197)
Interest, net	10	19
Loss before income taxes	(20)	(216)
Income tax benefit	(2)	(54)
Net loss	<u>\$ (18)</u>	<u>\$ (162)</u>
Weighted-average number of shares - basic	367	370
Weighted-average number of shares - diluted	367	370
Net loss per share - basic	\$ (0.05)	\$ (0.44)
Net loss per share - diluted	\$ (0.05)	\$ (0.44)

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

(\$ in millions)	13 Weeks Ended	
	April 29, 2023 (a)	April 30, 2022 (a)
Cash flows from operating activities:		
Net loss	\$ (18)	\$ (162)
Depreciation and amortization	137	130
Gain on sale of building	(47)	-
Change in merchandise inventory	83	(166)
Change in accounts payable	(102)	(336)
Change in accrued expenses and other current liabilities	(22)	(236)
Change in income taxes payable, net of receivables and other tax-related items	(49)	369
Other, net	33	39
Net cash provided by (used for) operating activities	<u>15</u>	<u>(362)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(117)	(228)
Net proceeds from sale of building	76	333
Net proceeds from divestiture activity	11	-
Net cash (used for) provided by investing activities	<u>(30)</u>	<u>105</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	350
Proceeds from issuances under share-based compensation plans	7	7
Withholding tax payments related to vesting of stock units	(10)	(14)
Repurchases of common stock	-	(54)
Cash dividends paid	(55)	(56)
Net cash (used for) provided by financing activities	<u>(58)</u>	<u>233</u>
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	<u>(2)</u>	<u>(7)</u>
Net decrease in cash, cash equivalents, and restricted cash	(75)	(31)
Cash, cash equivalents, and restricted cash at beginning of period	1,273	902
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,198</u>	<u>\$ 871</u>

(a) For the thirteen weeks ended April 29, 2023 and April 30, 2022, total cash, cash equivalents, and restricted cash includes \$28 million and \$26 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.

	<b>13 Weeks Ended</b>	
<b>(\$ in millions)</b>	<b>April 29, 2023</b>	<b>April 30, 2022</b>
Net cash provided by (used for) operating activities	\$ 15	\$ (362)
Less: Purchases of property and equipment	(117)	(228)
Free cash flow	<u>\$ (102)</u>	<u>\$ (590)</u>

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

**ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE FIRST QUARTER 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)	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)
<b>13 Weeks Ended April 29, 2023</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 2023 and 2022 net sales (unaudited):

(\$ in millions)

<b>13 Weeks Ended April 29, 2023</b>	<b>Old Navy Global</b>	<b>Gap Global</b>	<b>Banana Republic Global</b>	<b>Athleta Global</b>	<b>Other (2)</b>	<b>Total</b>
U.S. (1)	\$ 1,659	\$ 496	\$ 374	\$ 309	\$ 3	\$ 2,841
Canada	145	61	36	10	-	252
Europe	-	29	1	1	-	31
Asia	1	77	14	-	-	92
Other regions	23	29	7	1	-	60
<b>Total</b>	<b>\$ 1,828</b>	<b>\$ 692</b>	<b>\$ 432</b>	<b>\$ 321</b>	<b>\$ 3</b>	<b>\$ 3,276</b>

(\$ in millions)

<b>13 Weeks Ended April 30, 2022</b>	<b>Old Navy Global</b>	<b>Gap Global</b>	<b>Banana Republic Global</b>	<b>Athleta Global</b>	<b>Other (2)</b>	<b>Total</b>
U.S. (1)	\$ 1,673	\$ 497	\$ 416	\$ 344	\$ 3	\$ 2,933
Canada	147	64	43	9	-	263
Europe	1	54	1	2	-	58
Asia	-	141	16	-	-	157
Other regions	20	35	6	5	-	66
<b>Total</b>	<b>\$ 1,841</b>	<b>\$ 791</b>	<b>\$ 482</b>	<b>\$ 360</b>	<b>\$ 3</b>	<b>\$ 3,477</b>

(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:

	January 28, 2023	13 Weeks Ended April 29, 2023		April 29, 2023	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,238	15	1	1,252	20.0
Gap North America	493	-	5	488	5.1
Gap Asia (1)	232	1	1	143	1.2
Banana Republic North America	419	-	6	413	3.5
Banana Republic Asia	46	2	2	46	0.2
Athleta North America	257	3	1	259	1.1
Company-operated stores total	2,685	21	16	2,601	31.1
Franchise (1)	667	57	6	852	N/A
Total	3,352	78	22	3,453	31.1

(1) The 89 Gap China stores that were transitioned to Baozun during the period are not included as store closures or openings for Company-operated and Franchise store activity. The ending balance for Gap Asia excludes Gap China stores and the ending balance for Franchise includes Gap China locations transitioned during the period.