The Gap, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

($ in millions)	**August 1, 2026**	**August 2, 2025**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,103	$ 2,194
Short-term investments	382	238
Merchandise inventory	2,297	2,294
Other current assets	1,088	651
Total current assets	5,870	5,377
Property and equipment, net of accumulated depreciation	2,555	2,478
Operating lease assets	3,557	3,397
Other long-term assets	874	894
Total assets	$ 12,856	$ 12,146
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 1,696	$ 1,656
Accrued expenses and other current liabilities	869	881
Current portion of operating lease liabilities	618	631
Income taxes payable	38	29
Total current liabilities	3,221	3,197
Long-term liabilities:		
Long-term debt	1,493	1,491
Long-term operating lease liabilities	3,609	3,470
Other long-term liabilities	582	555
Total long-term liabilities	5,684	5,516
Total stockholders’ equity	3,951	3,433
Total liabilities and stockholders’ equity	$ 12,856	$ 12,146

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

($ and shares in millions except per share amounts)	13 Weeks Ended August 1, 2026	13 Weeks Ended August 2, 2025	26 Weeks Ended August 1, 2026	26 Weeks Ended August 2, 2025
Net sales	$ 3,651	$ 3,725	$ 7,148	$ 7,188
Cost of goods sold and occupancy expenses	1,722	2,189	3,802	4,204
Gross profit	1,929	1,536	3,346	2,984
Operating expenses	1,253	1,244	2,225	2,432
Operating income	676	292	1,121	552
Interest, net	(4)	(4)	(9)	(7)
Income before income taxes	680	296	1,130	559
Income tax expense	179	80	290	150
Net income	$ 501	$ 216	$ 840	$ 409
Weighted-average number of shares - basic	355	373	361	374
Weighted-average number of shares - diluted	362	379	371	381
Earnings per share - basic	$ 1.41	$ 0.58	$ 2.33	$ 1.09
Earnings per share - diluted	$ 1.38	$ 0.57	$ 2.26	$ 1.07

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

	26 Weeks Ended	
($ in millions)	**August 1, 2026 (a)**	**August 2, 2025 (a)**
Cash flows from operating activities:		
Net income	$ 840	$ 409
Depreciation and amortization	259	243
Change in merchandise inventory	(97)	(214)
Change in other current assets and other long-term assets	(524)	(79)
Change in accounts payable	116	137
Change in accrued expenses and other liabilities	(185)	(237)
Other, net	141	49
Net cash provided by operating activities	550	308
Cash flows from investing activities:		
Purchases of property and equipment	(289)	(181)
Purchases of short-term investments	(216)	(145)
Proceeds from sales and maturities of short-term investments	220	162
Net cash used for investing activities	(285)	(164)
Cash flows from financing activities:		
Proceeds from issuances under share-based compensation plans	12	12
Withholding tax payments related to vesting of stock units	(63)	(29)
Repurchases of common stock	(601)	(152)
Cash dividends paid	(125)	(123)
Net cash used for financing activities	(777)	(292)
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(2)	5
Net decrease in cash, cash equivalents, and restricted cash	(514)	(143)
Cash, cash equivalents, and restricted cash at beginning of period	2,644	2,365
Cash, cash equivalents, and restricted cash at end of period	$ 2,130	$ 2,222

Certain prior period amounts have been reclassified to conform to the current period presentation.

(a) For the twenty-six weeks ended August 1, 2026 and August 2, 2025, total cash, cash equivalents, and restricted cash includes $27 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 investments 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.

	26 Weeks Ended	
($ in millions)	**August 1, 2026**	**August 2, 2025**
Net cash provided by (used for) operating activities (a)	$ 550	$ 308
Less: Purchases of property and equipment	(289)	(181)
Free cash flow	$ 261	$ 127

(a) For the twenty-six weeks ended August 1, 2026, net cash provided by operating activities includes the impact of a pre-tax gain of $313 million related to a credit card interchange fee litigation settlement, net of legal fees, and a $50 million pre-tax charitable contribution made concurrently during the first quarter of fiscal 2026.

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE SECOND QUARTER OF FISCAL YEAR 2026

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 net impacts of IEEPA tariff recovery. 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) 13 Weeks Ended August 1, 2026	Cost of Goods Sold and Occupancy Expenses	Gross Profit	Gross Margin	Operating Income (Loss)	Operating Margin	Interest, net	Income Tax Expense (Benefit)	Net Income (Loss)	Earnings (Loss) per Share - Diluted
GAAP metrics, as reported	$ 1,722	$ 1,929	52.8 %	$ 676	18.5 %	$ (4)	$ 179	$ 501	$ 1.38
Adjustments for:									
Net tariff refund recovery (a)	417	(417)	(11.4)%	(417)	(11.4)%	5	(111)	(311)	(0.86)
Non-GAAP metrics	$ 2,139	$ 1,512	41.4 %	$ 259	7.1 %	$ 1	$ 68	$ 190	$ 0.52

(a) Represents the impact of IEEPA tariff refunds of approximately $512 million, partially offset by a commitment of appreciation of approximately $95 million for certain vendors. The impact also reflects $5 million of related interest income received.

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

EXPECTED ADJUSTED EARNINGS PER SHARE FOR FISCAL YEAR 2026

Expected adjusted diluted earnings per share is a non-GAAP financial measure. Expected adjusted diluted earnings per share for fiscal year 2026 is provided to enhance visibility into the Company's expected underlying results for the period excluding the expected net impacts of IEEPA tariff recovery during fiscal 2026 in addition to the net impact of a legal settlement and a concurrent charitable contribution during first quarter of fiscal year 2026. This non-GAAP financial measure is not intended to supersede or replace the GAAP measure.

	52 Weeks Ending January 30, 2027	
	Low End	**High End**
Expected earnings per share - diluted	$ 3.77	$ 3.87
Less: Gain from legal settlement (a)	(0.63)	(0.63)
Add: Charitable contribution (b)	0.10	0.10
Less: Net tariff refund recovery (c)	(0.89)	(0.89)
Expected adjusted earnings per share - diluted	$ 2.35	$ 2.45

(a) Represents the estimated earnings per share impact, calculated net of tax at the expected effective tax rate, of a gain of $313 million related to a credit card interchange fee litigation settlement during the first quarter of fiscal 2026, net of legal fees.

(b) Represents the estimated earnings per share impact, calculated net of tax at the expected effective tax rate, of a $50 million charitable contribution made concurrently with the net gain from legal settlement during the first quarter of fiscal 2026.

(c) Represents the estimated earnings per share impact, calculated net of tax at the expected effective tax rate, of IEEPA tariff refunds of approximately $512 million, partially offset by a commitment of appreciation of approximately $95 million for certain vendors during the second quarter of fiscal 2026. The impact also includes $5 million of related interest income received during the second quarter of fiscal 2026, as well as the expected benefit from the remaining tariff related interest income anticipated for the remainder of the fiscal year.

The Gap, Inc.
NET SALES RESULTS
UNAUDITED

The following table details the Company’s second quarter fiscal year 2026 and 2025 net sales (unaudited):

($ in millions) 13 Weeks Ended August 1, 2026	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (b)	Total
U.S. (a)	$ 1,897	$ 654	$ 413	$ 255	$ 4	$ 3,223
Canada	152	81	45	8	—	286
Other regions	12	109	20	1	—	142
Total	$ 2,061	$ 844	$ 478	$ 264	$ 4	$ 3,651

($ in millions) 13 Weeks Ended August 2, 2025	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (b)	Total
U.S. (a)	$ 1,978	$ 581	$ 408	$ 290	$ 28	$ 3,285
Canada	157	76	46	9	—	288
Other regions	15	115	21	1	—	152
Total	$ 2,150	$ 772	$ 475	$ 300	$ 28	$ 3,725

(a) U.S. includes the United States and Puerto Rico.

(b) Primarily consists of net sales from revenue-generating strategic initiatives.

The Gap, Inc.
REAL ESTATE

Store count, net openings/closings, and square footage for our company-operated stores are as follows:

	January 31, 2026	26 Weeks Ended August 1, 2026	August 1, 2026	
	Number of Store Locations	Net Number of Stores Opened/(Closed)	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,242	(1)	1,241	19.6
Gap North America	459	2	461	4.9
Gap Asia	123	4	127	1.1
Banana Republic North America	358	(9)	349	2.8
Banana Republic Asia	40	2	42	0.1
Athleta North America	252	(1)	251	1.0
Company-operated stores total	2,474	(3)	2,471	29.5

As of August 1, 2026, the Company's franchise partners operated approximately 1,000 franchise stores.