

The Gap, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(\$ in millions)	<u>February 1, 2025</u>	<u>February 3, 2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,335	\$ 1,873
Short-term investments	253	—
Merchandise inventory	2,067	1,995
Other current assets	548	527
Total current assets	<u>5,203</u>	<u>4,395</u>
Property and equipment, net of accumulated depreciation	2,496	2,566
Operating lease assets	3,240	3,115
Other long-term assets	946	968
Total assets	<u>\$ 11,885</u>	<u>\$ 11,044</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,488	\$ 1,349
Accrued expenses and other current liabilities	1,083	1,108
Current portion of operating lease liabilities	632	600
Income taxes payable	53	39
Total current liabilities	<u>3,256</u>	<u>3,096</u>
Long-term liabilities:		
Long-term debt	1,490	1,488
Long-term operating lease liabilities	3,353	3,353
Other long-term liabilities	522	512
Total long-term liabilities	<u>5,365</u>	<u>5,353</u>
Total stockholders' equity	3,264	2,595
Total liabilities and stockholders' equity	<u>\$ 11,885</u>	<u>\$ 11,044</u>

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	13 Weeks Ended	14 Weeks Ended (1)	52 Weeks Ended	53 Weeks Ended (1)
(\$ and shares in millions except per share amounts)	February 1, 2025	February 3, 2024	February 1, 2025	February 3, 2024
Net sales	\$ 4,149	\$ 4,298	\$ 15,086	\$ 14,889
Cost of goods sold and occupancy expenses	2,537	2,626	8,859	9,114
Gross profit	1,612	1,672	6,227	5,775
Operating expenses	1,353	1,458	5,115	5,215
Operating income	259	214	1,112	560
Interest, net	(13)	(4)	(25)	4
Income before income taxes	272	218	1,137	556
Income tax expense	66	33	293	54
Net income	<u>\$ 206</u>	<u>\$ 185</u>	<u>\$ 844</u>	<u>\$ 502</u>
Weighted-average number of shares - basic	377	372	376	370
Weighted-average number of shares - diluted	384	381	384	376
Earnings per share - basic	\$ 0.55	\$ 0.50	\$ 2.24	\$ 1.36
Earnings per share - diluted	\$ 0.54	\$ 0.49	\$ 2.20	\$ 1.34

(1) Fiscal 2023 includes the impact of an additional week.

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

(\$ in millions)	52 Weeks Ended	53 Weeks Ended
	February 1, 2025 (a)	February 3, 2024 (a)
Cash flows from operating activities:		
Net income	\$ 844	\$ 502
Depreciation and amortization	500	522
Gain on sale of building	—	(47)
Change in merchandise inventory	(88)	383
Change in accounts payable	137	42
Other, net	93	130
Net cash provided by operating activities	1,486	1,532
Cash flows from investing activities:		
Purchases of property and equipment	(447)	(420)
Net proceeds from sale of property	7	76
Purchases of short-term investments	(409)	—
Proceeds from sales and maturities of short-term investments	162	—
Proceeds from divestiture activity, net of cash paid	—	9
Other	(5)	1
Net cash used for investing activities	(692)	(334)
Cash flows from financing activities:		
Repayments of revolving credit facility	—	(350)
Proceeds from issuances under share-based compensation plans	32	27
Withholding tax payments related to vesting of stock units	(50)	(20)
Repurchases of common stock	(75)	—
Cash dividends paid	(225)	(222)
Other	(3)	(2)
Net cash used for financing activities	(321)	(567)
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash		
	(9)	(3)
Net increase in cash, cash equivalents, and restricted cash	464	628
Cash, cash equivalents, and restricted cash at beginning of period	1,901	1,273
Cash, cash equivalents, and restricted cash at end of period	\$ 2,365	\$ 1,901

(a) For the fifty-two weeks ended February 1, 2025 and the fifty-three weeks ended February 3, 2024, total cash, cash equivalents, and restricted cash includes \$30 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 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.

(\$ in millions)	52 Weeks Ended	53 Weeks Ended
	February 1, 2025	February 3, 2024
Net cash provided by operating activities	\$ 1,486	\$ 1,532
Less: Purchases of property and equipment	(447)	(420)
Free cash flow	<u>\$ 1,039</u>	<u>\$ 1,112</u>

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR FISCAL YEAR 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)										
53 Weeks Ended February 3, 2024	Gross Profit	Gross Margin	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income	Operating Margin	Income Tax Expense	Net Income	Earnings per Share - Diluted	
GAAP metrics, as reported	\$5,775	38.8 %	\$ 5,215	35.0 %	\$ 560	3.8 %	\$ 54	\$ 502	\$ 1.34	
Adjustments for:										
Restructuring costs (a)	4	— %	(89)	(0.6)%	93	0.6 %	23	70	0.19	
Gain on sale of building	—	— %	47	0.3 %	(47)	(0.3)%	(11)	(36)	(0.10)	
Non-GAAP metrics	<u>\$5,779</u>	<u>38.8 %</u>	<u>\$ 5,173</u>	<u>34.7 %</u>	<u>\$ 606</u>	<u>4.1 %</u>	<u>\$ 66</u>	<u>\$ 536</u>	<u>\$ 1.43</u>	

(a) Includes \$64 million of employee-related costs and \$29 million of consulting and other associated costs related to our previously announced actions to further simplify and optimize our operating model and structure.

The Gap, Inc.
NET SALES RESULTS
UNAUDITED

The following table details the Company's fourth quarters and fiscal years 2024 and 2023 net sales (unaudited):

(\$ in millions) 13 Weeks Ended February 1, 2025	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (3)	Total
U.S. (2)	\$ 2,043	\$ 756	\$ 479	\$ 385	\$ 16	\$ 3,679
Canada	154	88	46	10	—	298
Other regions	15	136	20	1	—	172
Total	<u>\$ 2,212</u>	<u>\$ 980</u>	<u>\$ 545</u>	<u>\$ 396</u>	<u>\$ 16</u>	<u>\$ 4,149</u>
(\$ in millions) 14 Weeks Ended February 3, 2024 (1)	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (3)	Total
U.S. (2)	\$ 2,107	\$ 768	\$ 494	\$ 407	\$ 17	\$ 3,793
Canada	171	99	48	12	—	330
Other regions	10	140	25	—	—	175
Total	<u>\$ 2,288</u>	<u>\$ 1,007</u>	<u>\$ 567</u>	<u>\$ 419</u>	<u>\$ 17</u>	<u>\$ 4,298</u>
(\$ in millions) 52 Weeks Ended February 1, 2025	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (3)	Total
U.S. (2)	\$ 7,706	\$ 2,531	\$ 1,682	\$ 1,311	\$ 65	\$ 13,295
Canada	649	326	168	39	—	1,182
Other regions	46	477	83	3	—	609
Total	<u>\$ 8,401</u>	<u>\$ 3,334</u>	<u>\$ 1,933</u>	<u>\$ 1,353</u>	<u>\$ 65</u>	<u>\$ 15,086</u>
(\$ in millions) 53 Weeks Ended February 3, 2024 (1)	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (3)	Total
U.S. (2)	\$ 7,460	\$ 2,470	\$ 1,681	\$ 1,310	\$ 46	\$ 12,967
Canada	674	332	170	45	—	1,221
Other regions	69	539	88	5	—	701
Total	<u>\$ 8,203</u>	<u>\$ 3,341</u>	<u>\$ 1,939</u>	<u>\$ 1,360</u>	<u>\$ 46</u>	<u>\$ 14,889</u>

(1) Fiscal 2023 includes incremental sales attributable to the 53rd week.

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

(3) 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:

	February 3, 2024	52 Weeks Ended February 1, 2025		February 1, 2025	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,243	20	14	1,249	19.8
Gap North America	472	5	24	453	4.8
Gap Asia	134	1	13	122	1.1
Banana Republic North America	400	4	24	380	3.2
Banana Republic Asia	43	6	7	42	0.1
Athleta North America	270	2	12	260	1.1
Company-operated stores total	2,562	38	94	2,506	30.1
Franchise	998	139	74	1,063	N/A
Total	3,560	177	168	3,569	30.1