

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

(\$ in millions)	<u>January 29, 2022</u>	<u>January 30, 2021</u>	<u>February 1, 2020 (a)</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 877	\$ 1,988	\$ 1,364
Short-term investments	-	410	290
Merchandise inventory	3,018	2,451	2,156
Other current assets	1,270	1,159	706
Total current assets	<u>5,165</u>	<u>6,008</u>	<u>4,516</u>
Property and equipment, net	3,037	2,841	3,122
Operating lease assets	3,675	4,217	5,402
Other long-term assets	884	703	639
Total assets	<u>\$ 12,761</u>	<u>\$ 13,769</u>	<u>\$ 13,679</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 1,951	\$ 1,743	\$ 1,174
Accrued expenses and other current liabilities	1,367	1,276	1,067
Current portion of operating lease liabilities	734	831	920
Income taxes payable	25	34	48
Total current liabilities	<u>4,077</u>	<u>3,884</u>	<u>3,209</u>
Long-term liabilities:			
Long-term debt	1,484	2,216	1,249
Long-term operating lease liabilities	4,033	4,617	5,508
Other long-term liabilities	445	438	397
Total long-term liabilities	<u>5,962</u>	<u>7,271</u>	<u>7,154</u>
Total stockholders' equity	<u>2,722</u>	<u>2,614</u>	<u>3,316</u>
Total liabilities and stockholders' equity	<u>\$ 12,761</u>	<u>\$ 13,769</u>	<u>\$ 13,679</u>

(a) Fiscal 2019 information provided for comparability.

The Gap, Inc.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
UNAUDITED**

(\$ and shares in millions except per share amounts)	13 Weeks Ended			52 Weeks Ended		
	January 29, 2022	January 30, 2021	February 1, 2020 (a)	January 29, 2022	January 30, 2021	February 1, 2020 (a)
Net sales	\$ 4,525	\$ 4,424	\$ 4,674	\$ 16,670	\$ 13,800	\$ 16,383
Cost of goods sold and occupancy expenses	3,002	2,756	3,000	10,033	9,095	10,250
Gross profit	1,523	1,668	1,674	6,637	4,705	6,133
Operating expenses	1,515	1,534	1,919	5,827	5,567	5,559
Operating income (loss)	8	134	(245)	810	(862)	574
Loss on extinguishment of debt	-	-	-	325	58	-
Interest, net	16	57	9	162	182	46
Income (loss) before income taxes	(8)	77	(254)	323	(1,102)	528
Income taxes	8	(157)	(70)	67	(437)	177
Net income (loss)	\$ (16)	\$ 234	\$ (184)	\$ 256	\$ (665)	\$ 351
Weighted-average number of shares - basic	373	375	373	376	374	376
Weighted-average number of shares - diluted	373	382	373	383	374	378
Earnings (loss) per share - basic	\$ (0.04)	\$ 0.62	\$ (0.49)	\$ 0.68	\$ (1.78)	\$ 0.93
Earnings (loss) per share - diluted	\$ (0.04)	\$ 0.61	\$ (0.49)	\$ 0.67	\$ (1.78)	\$ 0.93

(a) Fourth quarter of fiscal 2019 quarter-to-date and year-to-date information provided for comparability.

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

(\$ in millions)	52 Weeks Ended	
	January 29, 2022 (a)	January 30, 2021 (a)
Cash flows from operating activities:		
Net income (loss)	\$ 256	\$ (665)
Depreciation and amortization	504	507
Impairment of operating lease assets	8	391
Impairment of store assets	1	135
Loss on extinguishment of debt	325	58
Loss on divestiture activity	59	-
Change in merchandise inventory	(593)	(305)
Change in accounts payable	186	564
Change in income taxes payable, net of receivables and other tax-related items	(85)	(304)
Other, net	148	(144)
Net cash provided by operating activities	809	237
Cash flows from investing activities:		
Purchases of property and equipment	(694)	(392)
Purchases of short-term investments	(753)	(508)
Proceeds from sales and maturities of short-term investments	1,162	388
Net cash paid for divestiture activity	(21)	-
Payments for acquisition activity, net of cash acquired	(135)	-
Other	(5)	2
Net cash used for investing activities	(446)	(510)
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	500
Payments for revolving credit facility	-	(500)
Proceeds from issuance of long-term debt	1,500	2,250
Payments to extinguish debt	(2,546)	(1,307)
Payments for debt issuance costs	(16)	(61)
Proceeds from issuances under share-based compensation plans	54	22
Withholding tax payments related to vesting of stock units	(36)	(9)
Repurchases of common stock	(201)	-
Cash dividends paid	(226)	-
Net cash provided by (used for) financing activities	(1,471)	895
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(6)	13
Net increase (decrease) in cash, cash equivalents, and restricted cash	(1,114)	635
Cash, cash equivalents, and restricted cash at beginning of period	2,016	1,381
Cash, cash equivalents, and restricted cash at end of period	\$ 902	\$ 2,016

(a) For the fifty-two weeks ended January 29, 2022 and January 30, 2021, total cash, cash equivalents, and restricted cash includes \$25 million and \$28 million, respectively, of restricted cash recorded in other current assets and other long-term assets on the 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 to automate processes, engage with customers, and optimize our supply chain in addition to building and maintaining stores. 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	
	January 29, 2022	January 30, 2021
Net cash provided by operating activities	\$ 809	\$ 237
Less: Purchases of property and equipment	(694)	(392)
Free cash flow	<u>\$ 115</u>	<u>\$ (155)</u>

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

**ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE FOURTH QUARTER AND FISCAL YEAR 2021**

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 impacts of strategic changes related to our operating model in Europe, the loss on extinguishment of debt, and the loss on divestiture activity. Management believes that excluding certain items from statement of operations metrics that are not part of the Company's core operations provides 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)

	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income	Operating Margin	Income Taxes	Net Income (Loss)	Earnings (Loss) per Share - Diluted
<b>13 Weeks Ended January 29, 2022</b>							
GAAP metrics, as reported	\$ 1,515	33.5%	\$ 8	0.2%	\$ 8	\$ (16)	\$ (0.04)
Adjustments for:							
Strategic actions in Europe (a)	(8)	(0.2)%	8	0.2%	-	8	0.02
Non-GAAP metrics	<u>\$ 1,507</u>	<u>33.3%</u>	<u>\$ 16</u>	<u>0.4%</u>	<u>\$ 8</u>	<u>\$ (8)</u>	<u>\$ (0.02)</u>

(\$ in millions)

	Gross Profit	Gross Margin (c)	Operating Expenses	Operating Expenses as a % of Net Sales	Operating Income	Operating Margin	Loss on Extinguishment of Debt	Income Taxes	Net Income	Earnings per Share - Diluted (c)
<b>52 Weeks Ended January 29, 2022</b>										
GAAP metrics, as reported	\$ 6,637	39.8%	\$ 5,827	35.0%	\$ 810	4.9%	\$ 325	\$ 67	\$ 256	\$ 0.67
Adjustments for:										
Strategic actions in Europe (a)	(9)	(0.1)%	(50)	(0.3)%	41	0.2%	-	9	32	0.08
Loss on extinguishment of debt	-	-%	-	-%	-	-%	(325)	83	242	0.63
Loss on divestiture activity (b)	-	-%	(59)	(0.4)%	59	0.4%	-	37	22	0.06
Non-GAAP metrics	<u>\$ 6,628</u>	<u>39.8%</u>	<u>\$ 5,718</u>	<u>34.3%</u>	<u>\$ 910</u>	<u>5.5%</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 552</u>	<u>\$ 1.44</u>

(a) Represents the net impacts from changes to our European operating model. These impacts primarily include employee-related and lease-related costs.

(b) Represents the impact of the loss on divestiture activity for the Janie and Jack and Intermix brands.

(c) Metrics were computed individually for each line item; therefore, the sum of the individual lines may not equal the total. Earnings per share is calculated individually for each quarter; therefore, the sum of the quarters may not equal the fiscal year total.

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

**ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE FOURTH QUARTER AND FISCAL YEAR 2019**

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 impacts of separation-related costs, specialty fleet restructuring costs, flagship impairment charges, a gain on sale of building, and the impact of an adjustment to our fiscal 2017 tax liability for additional guidance issued by the U.S. Treasury Department regarding the U.S. Tax Cuts and Jobs Act of 2017 ("TCJA"). Management believes that excluding certain items from statement of operations metrics that are not part of the Company's core operations provides 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 (e)	Operating Expenses	Operating Expenses as a % of Net Sales (e)	Operating Income (loss)	Operating Margin	Income Taxes	Net Income (loss)	Earnings (loss) per Share - Diluted
<b>13 Weeks Ended February 1, 2020</b>									
GAAP metrics, as reported	\$ 1,674	35.8%	\$ 1,919	41.1%	\$ (245)	(5.2)%	\$ (70)	\$ (184)	\$ (0.49)
Adjustments for:									
Separation-related costs (a)	1	0.0%	(188)	(4.0)%	189	4.0%	48	141	0.38
Specialty fleet restructuring costs (b)	21	0.4%	(17)	(0.4)%	38	0.8%	-	38	0.10
Flagship impairment charges (c)	-	-%	(296)	(6.3)%	296	6.3%	74	222	0.59
Non-GAAP metrics	<u>\$ 1,696</u>	<u>36.3%</u>	<u>\$ 1,418</u>	<u>30.3%</u>	<u>\$ 278</u>	<u>5.9%</u>	<u>\$ 52</u>	<u>\$ 217</u>	<u>\$ 0.58</u>
 (\$ in millions)									
	Gross Profit	Gross Margin (e)	Operating Expenses	Operating Expenses as a % of Net Sales (e)	Operating Income	Operating Margin	Income Taxes	Net Income	Earnings per Share - Diluted
<b>52 Weeks Ended February 1, 2020</b>									
GAAP metrics, as reported	\$ 6,133	37.4%	\$ 5,559	33.9%	\$ 574	3.5%	\$ 177	\$ 351	\$ 0.93
Adjustments for:									
Separation-related costs (a)	1	0.0%	(300)	(1.8)%	301	1.8%	77	224	0.59
Specialty fleet restructuring costs (b)	22	0.1%	(39)	(0.2)%	61	0.4%	3	58	0.15
Flagship impairment charges (c)	-	-%	(296)	(1.8)%	296	1.8%	74	222	0.59
Gain on sale of building	-	-%	191	1.2%	(191)	(1.2)%	(50)	(141)	(0.37)
U.S. Federal tax reform adjustment (d)	-	-%	-	-%	-	-%	(30)	30	0.08
Non-GAAP metrics	<u>\$ 6,156</u>	<u>37.6%</u>	<u>\$ 5,115</u>	<u>31.2%</u>	<u>\$ 1,041</u>	<u>6.4%</u>	<u>\$ 251</u>	<u>\$ 744</u>	<u>\$ 1.97</u>

(a) Represents the impact of costs related to the Old Navy spin-off transaction that was subsequently cancelled. Separation-related amounts primarily consist of costs associated with information technology and fees for consulting and advisory services.

(b) Represents the impact of costs related to previously announced plans to restructure the specialty fleet and revitalize the Gap brand. These costs primarily include lease and employee-related costs.

(c) Represents non-cash impairment charges related to global flagship stores. Flagship impairment charges related to operating lease assets and store assets were \$223 million and \$73 million, respectively.

(d) Represents the impact of an adjustment to our fiscal 2017 tax liability for additional guidance issued by the U.S. Treasury Department regarding the TCJA.

(e) Metrics were computed individually for each line item; therefore, the sum of the individual lines may not equal the total.

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

**EXPECTED ADJUSTED EARNINGS PER SHARE FOR FISCAL YEAR 2022**

Expected adjusted diluted earnings per share is a non-GAAP financial measure. Expected adjusted diluted earnings per share for fiscal year 2022 is provided to enhance visibility into the Company's expected underlying results for the period excluding the estimated impact of strategic changes to our operating model in Mexico and the sale of the Company's U.K. distribution center. This non-GAAP financial measure is not intended to supersede or replace the GAAP measure.

	<b>52 Weeks Ending January 28, 2023</b>	
	<b>Low End</b>	<b>High End</b>
Expected earnings per share - diluted	\$ 1.95	\$ 2.15
Add: Estimated impact of strategic actions (a)	0.09	0.09
Less: Estimated gain on sale of building (b)	(0.19)	(0.19)
Expected adjusted earnings per share - diluted	<u>\$ 1.85</u>	<u>\$ 2.05</u>

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(a) Represents the estimated earnings per share impact, calculated net of tax at the expected effective tax rate, of estimated net costs related to strategic changes to our operating model in Mexico.

(b) Represents the estimated earnings per share impact, calculated net of tax at the expected effective tax rate, of an expected gain on the sale of our U.K. distribution center.

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

The following table details the Company's fourth quarters and fiscal years 2021, 2020, and 2019 net sales (unaudited):

(\$ in millions)

	Old Navy		Banana			
13 Weeks Ended January 29, 2022	Global	Gap Global	Republic Global	Athleta (2)	Other (3)	Total
U.S. (1)	\$ 2,097	\$ 761	\$ 532	\$ 428	\$ 2	\$ 3,820
Canada	178	100	54	9	-	341
Europe	1	54	2	1	-	58
Asia	1	219	21	-	-	241
Other regions	30	30	4	1	-	65
Total	\$ 2,307	\$ 1,164	\$ 613	\$ 439	\$ 2	\$ 4,525

(\$ in millions)

	Old Navy		Banana			
13 Weeks Ended January 30, 2021	Global	Gap Global	Republic Global	Athleta (2)	Other (3)	Total
U.S. (1)	\$ 2,189	\$ 704	\$ 438	\$ 371	\$ 86	\$ 3,788
Canada	163	78	40	-	-	281
Europe	-	80	2	-	-	82
Asia	-	207	20	-	-	227
Other regions	23	19	4	-	-	46
Total	\$ 2,375	\$ 1,088	\$ 504	\$ 371	\$ 86	\$ 4,424

(\$ in millions)

	Old Navy		Banana			
13 Weeks Ended February 1, 2020	Global	Gap Global	Republic Global (5)	Athleta (2)	Other (4)	Total
U.S. (1)	\$ 2,055	\$ 781	\$ 642	\$ 288	\$ 46	\$ 3,812
Canada	160	98	60	-	-	318
Europe	-	145	4	-	-	149
Asia	15	289	26	-	-	330
Other regions	35	25	5	-	-	65
Total	\$ 2,265	\$ 1,338	\$ 737	\$ 288	\$ 46	\$ 4,674

(\$ in millions)

	Old Navy		Banana			
52 Weeks Ended January 29, 2022	Global	Gap Global	Republic Global	Athleta (2)	Other (3)	Total
U.S. (1)	\$ 8,272	\$ 2,608	\$ 1,703	\$ 1,432	\$ 102	\$ 14,117
Canada	713	349	178	12	-	1,252
Europe	2	328	8	2	-	340
Asia	2	658	70	-	-	730
Other regions	93	120	17	1	-	231
Total	\$ 9,082	\$ 4,063	\$ 1,976	\$ 1,447	\$ 102	\$ 16,670

(\$ in millions)

	Old Navy		Banana			
52 Weeks Ended January 30, 2021	Global	Gap Global	Republic Global	Athleta (2)	Other (3)	Total
U.S. (1)	\$ 6,898	\$ 2,099	\$ 1,242	\$ 1,135	\$ 276	\$ 11,650
Canada	578	261	130	-	3	972
Europe	-	319	10	-	-	329
Asia	4	642	64	-	-	710
Other regions	56	67	16	-	-	139
Total	\$ 7,536	\$ 3,388	\$ 1,462	\$ 1,135	\$ 279	\$ 13,800

(\$ in millions)

	Old Navy		Banana			
52 Weeks Ended February 1, 2020	Global	Gap Global	Republic Global (5)	Athleta (2)	Other (4)	Total
U.S. (1)	\$ 7,259	\$ 2,723	\$ 2,191	\$ 978	\$ 247	\$ 13,398
Canada	587	349	215	-	2	1,153
Europe	-	525	14	-	-	539
Asia	45	943	96	-	-	1,084
Other regions	92	94	23	-	-	209
Total	\$ 7,983	\$ 4,634	\$ 2,539	\$ 978	\$ 249	\$ 16,383

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

(2) Previously, net sales for the Athleta brand were grouped within the "Other" column. Beginning in fiscal 2021, we have made a change for all periods presented to break out Athleta net sales into its own column.

(3) Primarily consists of net sales for the Intermix, Janie and Jack, and Hill City brands. The divestiture of Janie and Jack was completed on April 8, 2021. The divestiture of Intermix was completed on May 21, 2021. Hill City brand was closed in January 2021. Additionally, beginning in the second quarter of fiscal 2020, net sales from the business-to-business program and beginning in the fourth quarter of fiscal 2021, other revenue generating initiatives are also included.

(4) Primarily consists of net sales for Intermix and Hill City brands as well as a portion of income related to our credit card agreement.

(5) Banana Republic Global fiscal year 2019 net sales include the Janie and Jack brand.



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

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

	January 30, 2021	52 Weeks Ended January 29, 2022		January 29, 2022	
	Number of Store Locations	Number of Stores Opened	Number of Stores Closed	Number of Store Locations	Square Footage (in millions)
Old Navy North America	1,220	44	12	1,252	20.1
Gap North America	556	2	38	520	5.5
Gap Asia	340	12	23	329	2.8
Gap Europe (2)	117	1	86	11	0.1
Banana Republic North America	471	2	27	446	3.7
Banana Republic Asia	47	6	3	50	0.2
Athleta North America	199	30	2	227	0.9
Intermix North America (1)	31	-	-	-	-
Janie and Jack North America (1)	119	-	-	-	-
Company-operated stores total	3,100	97	191	2,835	33.3
Franchise (2)	615	78	150	564	N/A
Total	3,715	175	341	3,399	33.3

(1) On April 8, 2021, the Company completed the divestiture of the Janie and Jack brand. On May 21, 2021, the Company completed the divestiture of the Intermix business. The 150 stores divested are not included as store closures or in the ending balance for fiscal 2021.

(2) The 21 Gap France stores that were transitioned to Hermione People & Brands during the period are not included as store closures or openings for Company-operated and Franchise store activity. The ending balance for Gap Europe excludes these stores and the ending balance for Franchise includes these stores.