Gap Inc.

NEWS RELEASE

Gap Inc. Reports Third Quarter Fiscal 2026 Results

2026-11-19

Net sales up 2% versus last year; comparable sales flat

Exceeded operating margin expectations

Earnings per share up over 30% versus last year

Provides updated outlook for full year

Company separately announces Ashley Kechter as Athleta's next President and CEO

SAN FRANCISCO, Nov. 19, 2026 /PRNewswire/ -- **Gap Inc.** (NYSE: GAP), the largest specialty apparel company in the U.S. with a purpose-driven house of iconic brands including Old Navy, Gap, Banana Republic, and Athleta, today reported financial results for its third quarter ended October 31, 2026.

"In the third quarter, we grew net sales 2%, exceeded our profit expectations and gained market share," said President and Chief Executive Officer, Richard Dickson. "Gap posted another outstanding quarter, and we delivered meaningful sequential improvement at Old Navy."

Dickson continued, "While demand softened in October and early November, amidst warmer weather, we are encouraged by the more recent improvement in trends as temperatures have cooled. As we move through the holiday season, we remain focused on delivering compelling product assortments and culturally relevant marketing across our brands, supported by a strong value proposition for our customers. We continue to operate with rigor and discipline, with the strength of our balance sheet giving us the flexibility to continue investing in the capabilities and growth opportunities that we believe will create long-term value, while returning cash to shareholders."

Third Quarter Fiscal 2026 – Financial Results

- Net sales of $4.0 billion were up 2% compared to last year. Comparable sales were flat.
    - Store sales increased 1% compared to last year. The Company ended the quarter with nearly 3,500 store locations in about 40 countries, of which 2,482 were Company-operated.
    - Online sales increased 3% compared to last year and represented 40% of total net sales.
- Gross margin of 42.5% increased 10 basis points versus last year on a reported basis including benefits related to the recovery of tariffs imposed under the International Emergency Economic Powers Act ("IEEPA"). Adjusted gross margin excluding this benefit was 42.4%, flat versus last year.
    - Merchandise margin increased 50 basis points versus last year on a reported basis. Adjusted for the IEEPA tariff recovery, merchandise margin increased 40 basis points including a benefit from lower tariff rates, partially offset by higher fuel costs. The underlying merchandise margin expansion reflects another quarter of strength at the Gap brand, partially offset by lower average unit retail resulting from planned pricing adjustments at Old Navy as well as higher promotional activity at Old Navy and Athleta.
    - Rent, occupancy, and depreciation ("ROD") as a percent of sales deleveraged 40 basis points versus last year.
- Operating expense was $1.3 billion or 32.6% of net sales.
- Operating income was $396 million and operating margin was 9.9%
- Adjusted operating income was $393 million and adjusted operating margin was 9.8%, excluding the impact of the IEEPA tariff recovery.
- The effective tax rate was 25.6% and adjusted effective tax rate was 25.8%, which excludes the tax impact of the IEEPA tariff recovery and related interest income.
- Net income was $311 million and diluted earnings per share were $0.86.
- Adjusted net income was $296 million and adjusted diluted earnings per share were $0.82, excluding the impact of the IEEPA tariff recovery and related interest income.
- Diluted weighted average shares were 360 million.

Balance Sheet and Cash Flow Highlights

- Ended the quarter with cash, cash equivalents and short-term investments of $3.0 billion, an increase of 18% from the prior year. This includes approximately $536 million related to IEEPA tariff refunds including interest received year-to-date and $263 million related to a legal settlement net of a charitable donation that occurred during the first quarter.
- Year-to-date net cash from operating activities was $1.3 billion. Free cash flow, defined as net cash from operating activities less purchases of property and equipment, was $815 million year-to-date.
- Ending inventory of $2.3 billion was down 6% compared to last year.
- Capital expenditures were $483 million year-to-date.

Shareholder Returns

- Returned $788 million of cash to shareholders in the form of dividends and share repurchases year-to-date.
- Share Repurchases:
  - Year-to-date, the Company has repurchased $601 million shares through a combination of purchases in the open market and an accelerated share repurchase program completed during the second quarter.
  - The Company has $399 million remaining under its existing share repurchase authorization.
- Dividends:
  - Year-to-date, the Company has paid $187 million in dividends, including $62 million paid during the third quarter of fiscal 2026, reflecting a quarterly dividend of $0.175 per share, up 6% from the prior year.
  - The Company's Board of Directors approved a fourth quarter fiscal 2026 dividend of $0.175 per share.

Additional information regarding adjusted gross margin, adjusted operating income, adjusted operating margin, adjusted effective tax rate, adjusted net income, adjusted diluted earnings per share, and free cash flow, which are non-GAAP financial measures, is provided at the end of this press release along with reconciliations of these measures from the most directly comparable GAAP financial measures for the applicable period.

Third Quarter Fiscal 2026 – Global Brand Results

Comparable Sales:

	Q3 2026	Q3 2025
Old Navy	— %	6 %
Gap	9 %	7 %
Banana Republic	(3) %	4 %
Athleta	(15) %	(11) %
Gap Inc.	— %	5 %

Old Navy:

- Third quarter net sales of $2.3 billion were up 1% compared to last year. Comparable sales were flat as better Fall execution across product and marketing resonated with consumers.

Gap:

- Third quarter net sales of $1.1 billion were up 11% compared to last year. Comparable sales were up 9%, the 12th consecutive quarter of positive comparable sales. With broad-based strength across Men's, Women's, and Kids and Baby, Gap continued to reinforce its cultural relevance through elevated product and storytelling.

Banana Republic:

- Third quarter net sales of $449 million were down 3% compared to last year. Comparable sales were down 3% as the customer response to the Women's fall assortment and delayed demand for cold-weather categories weighed on performance.

Athleta:

- Third quarter net sales of $220 million were down 14% compared to last year. Comparable sales were down 15% reflecting limited traction from efforts to modernize the assortment and marketing.

Tariff Update

Year-to-date, the Company recorded a $420 million adjustment to cost of goods sold and a $21 million adjustment to interest income related to the net IEEPA tariff recovery. The Company's adjusted outlook excludes these impacts.

The Company's current outlook reflects updated tariff rate assumptions to incorporate a roughly 10% incremental tariff rate from February 24, 2026 through the end of this week reflecting the rates currently in place, with an increase to an incremental high-teens rate for the balance of the year. The prior outlook assumed an incremental high-teens rate beginning in September. This update is expected to provide approximately $46 million of incremental net tariff relief to full-year gross profit and operating income, or approximately 30 basis points of benefit to full-year gross margin and operating margin and is reflected in the Company's current outlook.

Fiscal 2026 Outlook

The Company's updated full-year outlook factors in quarter-to-date performance reflecting a slower than expected start to the fourth quarter, followed by recent improvement as weather has normalized.

On a reported basis, the Company now expects full year diluted earnings per share to be approximately $3.71 to $3.76.

On an adjusted non-GAAP basis, the Company's updated outlook is outlined below:

Full Year Fiscal 2026

	Current FY 2026 Outlook	Prior FY 2026 Outlook	FY 2025 Results [1]
Net sales	Roughly flat	Up 1% to 1.5% year-over-year	$15.4 billion
Adjusted gross margin	Down slightly year-over-year	Up slightly year-over-year	40.8 %
Adjusted operating expense (% of net sales)	Leverage slightly	About flat year-over-year	33.5 %
Adjusted operating margin	Approximately 7.2%	About 7.4% to 7.6%	7.3 %
Adjusted interest, net	Approximately $24 million	Approximately $20 million	$17 million
Adjusted effective tax rate	Approximately 25%	Approximately 25% to 26%	27.9 %
Diluted weighted average share count	Approximately 366 million	Approximately 367 million	384 million
Adjusted diluted earnings per share	Approximately $2.29 to $2.34	Approximately $2.35 to $2.45	$2.13

Capital expenditures	Approximately $650 million	Approximately $650 million	$470 million
Net store closures [2]	About flat	About flat	32

[1] There were no adjusted metrics during fiscal 2025; therefore, reported amounts for gross margin, operating expense as a percentage of net sales, operating margin, interest, net, effective tax rate, and diluted earnings per share are included for comparative purposes.
[2] Refers to Company-operated stores.

Fourth Quarter Fiscal 2026

	Fourth Quarter Fiscal 2026 Outlook	Q4 2025 Results
Net sales	Flat to down 1% year-over-year	$4.2 billion
Gross margin	Approximately 38.0% to 38.3%	38.1 %
Operating expense (% of net sales)	Leverage approximately 100 basis points	32.7 %

Webcast and Conference Call Information

Whitney Notaro, Head of Investor Relations at Gap Inc., will host a conference call to review the Company's third quarter fiscal 2026 results beginning at approximately 2:00 p.m. Pacific Time today. Ms. Notaro will be joined by President and Chief Executive Officer, Richard Dickson and Chief Financial Officer, Katrina O'Connell.

A live webcast of the conference call and accompanying materials will be available online at **investors.gapinc.com**. A replay of the webcast will be available at the same location.

Market Share Information

References to market share in this press release and related conference call and accompanying materials are for the US market, according to Circana data for the 12 month period ending October 2026, unless stated otherwise. Market share data is subject to limitations on the availability of up-to-date information. In particular, market share data may not be available for all retail channels in a category. The Company believes that the Circana data is reliable, but it has not verified the accuracy or completeness of the data or any assumptions underlying the data. In addition, market share information reported by the Company may be different from market share information reported by other companies due to differences in category definitions, the use of data from different vendors, internal estimates and other factors.

Non-GAAP Disclosure

This press release and related conference call and accompanying materials include financial measures that have not been calculated in accordance with U.S. generally accepted accounting principles (GAAP) and are therefore

referred to as non-GAAP financial measures. The non-GAAP measures described below are intended to provide investors with additional useful information about the Company's financial performance, to enhance the overall understanding of its past performance and future prospects, and to allow for greater transparency with respect to important metrics used by management for financial and operating decision-making. The Company presents these non-GAAP financial measures to assist investors in seeing its financial performance from management's view and because it believes they provide an additional tool for investors to use in computing the Company's core financial performance over multiple periods with other companies in its industry. Additional information regarding the intended use of non-GAAP measures included in this press release and related conference call and accompanying materials is provided in the tables to this press release.

The non-GAAP measures included in this press release and related conference call and accompanying materials are free cash flow and certain adjusted statement of operations metrics, including: (i) adjusted cost of goods sold and occupancy expenses; (ii) adjusted gross profit; (iii) adjusted gross margin; (iv) adjusted operating income; (v) adjusted operating margin; (vi) adjusted interest, net; (vii) adjusted income tax expense; (viii) adjusted net income; and (ix) adjusted earnings per share.[1] Free cash flow and the adjusted statement of operations metrics exclude the impact of certain items. Reconciliations from the most directly comparable GAAP measures are set forth in the tables to this press release. Reconciliations of adjusted expected fiscal 2026 gross margin, expected fiscal 2026 operating margin, expected fiscal 2026 operating expense as a percentage of net sales, expected fiscal 2026 interest, net, and expected fiscal 2026 effective tax rate are not provided in reliance on the exception provided under Item 10(e)(1)(i)(B) of Regulation S-K, because a comparable GAAP measure is not reasonably accessible or reliable due to the inherent difficulty in forecasting and quantifying measures that would be necessary for such reconciliation. Namely, we are not able to reliably predict all of the components of net sales, operating expense, and operating income at this time without unreasonable effort or expense. In addition, we believe such a reconciliation would imply a degree of precision and certainty that could be confusing to investors. The variability of those components may be material and have a significant impact on our future GAAP results.

The non-GAAP measures used by the Company should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP and may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted. The Company urges investors to review the reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures included in the tables to this press release below, and not to rely on any single financial measure to evaluate its business. The non-GAAP financial measures used by the Company have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles.

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[1] The following non-GAAP measures are related to the net impact of IEEPA tariff refunds and related interest income: adjusted cost of goods sold

and occupancy expenses, adjusted gross profit, adjusted gross margin, and adjusted interest, net. These non-GAAP measures were not relevant to first quarter results and therefore were not included in the press release and related materials for those results.

Forward-Looking Statements

This press release and related conference call and accompanying materials contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Words such as "expect," "anticipate," "believe," "estimate," "intend," "plan," "project," and similar expressions also identify forward-looking statements. Forward-looking statements include statements regarding the following: our strategic priorities including maintaining financial and operational rigor, reinvigorating our brands, strengthening our platform, and energizing our culture; executing on our brand reinvigoration playbook; our continuing strategic expansion into the beauty category; momentum at Old Navy, Gap and Banana Republic; resetting Athleta for long-term success and the timeline therefor; the impact of weather on consumer demand; our supply chain's strategic advantages; the next phase of our transformation including building momentum and creating new growth opportunities; our approach to inventory; our dividends and share repurchases; our macroeconomic expectations for fiscal 2026; expected fiscal 2026 net sales; expected fiscal 2026 gross margin; the expected amount and timing of tariff refund recoveries and related interest income; the expected impact of tariffs on gross margin in fiscal 2026; expected fiscal 2026 operating expenses/SG&A; expected fiscal 2026 operating margin; our expected fiscal 2026 effective tax rate; the expected impact on earnings per share of changes to our expected effective tax rate in fiscal 2026; the expected impact of tariffs on fiscal 2026 financial results and the timing thereof; our ability to mitigate the impact of tariffs in fiscal 2026; our average unit retail growth plans; expected fiscal 2026 net interest income; expected fiscal 2026 capital expenditures; and expected fiscal 2026 net store closures.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, the following risks, any of which could have an adverse effect on our business, financial condition, results of operations, or reputation: the overall global economic and geopolitical environment, uncertainties related to government fiscal, monetary, trade, and tax policies, and consumer spending patterns; recent changes in U.S. trade policy and tariffs, and the risk of potential future changes or worsening trade tensions between the United States and other countries; the risk that trade matters, including tariffs on goods imported from our sourcing countries, could further increase our costs, or reduce the supply of apparel available to us; the risk that our enterprise risk management efforts will not be successful in mitigating the negative impact of tariffs; the highly competitive nature of our business in the United States and internationally, including competitive challenges

related to anticipating and quickly responding to changing apparel trends and customer demands and attracting customer traffic; the risk that we or our franchisees may be unsuccessful in gauging apparel trends and changing consumer preferences or responding with sufficient lead time; the risk that our investments in customer, digital, omni-channel, and other strategic initiatives, including beauty, accessories and the development of our

Fashiontainment platform, may not deliver the results we anticipate; the risk that we may be unable to manage our inventory and fulfillment operations effectively and the resulting impact on our sales and results of operations; the risk that we fail to maintain, enhance and protect our brand image and reputation; the risk that failures of, or updates or changes to, our digital and information technology systems, including our continued integration of data science and artificial intelligence, may disrupt our operations; the risk that we do not successfully implement our marketing efforts, or that our talent partnerships expose us to reputational or other risks; the risk that we fail to manage key executive succession and retention and continue to attract qualified personnel; the risks to our business, including our costs and global supply chain, associated with global sourcing and manufacturing; the risks of U.S. or foreign labor strikes, work stoppages, boycotts, port congestion, increased transportation costs due to potentially elevated fuel costs and other disruptions to our sourcing operations; the risk that our technology systems that support our e-commerce platform may not be effective or function properly; the risks to our reputation or operations associated with importing merchandise from foreign countries, including failure of our vendors to adhere to our Code of Vendor Conduct; the risk that we or our franchisees may be unsuccessful in identifying, negotiating, and securing new store locations and renewing, modifying, or terminating leases for existing store locations effectively; the risk that our franchisees and licensees could impair the value of our brands; the risk that our efforts to expand internationally may not be successful; engaging in or seeking to engage in strategic transactions that are subject to various risks and uncertainties; the risk of loss or theft of assets, including inventory shortage; the risk of information security breaches or vulnerabilities that may result in increased costs, violations of law, significant legal and financial exposure, and a loss of confidence in our security measures; reductions in income and cash flow from our credit card programs; the risk of foreign currency exchange rate fluctuations; the risk that our comparable sales and margins may experience fluctuations or that we may fail to meet financial market expectations; the risk that our level of indebtedness may impact our ability to operate and expand our business; the risk that we and our subsidiaries may be unable to meet our obligations under our indebtedness agreements; the risk that covenants in our indebtedness agreements may restrict or limit our business; the risk that changes in our credit profile or deterioration in market conditions may limit our access to the capital markets; evolving regulations and expectations with respect to environmental, social, and governance matters, and increased scrutiny of diversity, equity, and inclusion initiatives; the adverse impacts of climate change on our business; natural disasters, public health crises, political crises, negative global climate patterns, or other catastrophic events; our failure to comply with applicable laws and regulations and changes in the regulatory or administrative landscape; the risk that we will not be successful in defending various proceedings, lawsuits, disputes, and claims; the risk that the assumptions and estimates used when preparing our financial information, including estimates and assumptions regarding inventory valuation, income taxes and valuation allowances, sales return and bad debt allowances, deferred revenue, and the impairment of long-lived assets, are inaccurate or may change, and the resulting impact on our results of operations; the risk that changes in the geographic mix and level of income or losses, the expected or actual outcome of audits, changes in deferred tax valuation allowances, and new legislation could impact our effective tax rate, or that we may be required to pay amounts in excess of established tax liabilities; the risk that the adoption of new accounting pronouncements will impact future results; and the risk that additional information may arise during our close process or as a result of subsequent events that

would require us to make adjustments to our financial information.

Additional information regarding factors that could cause results to differ can be found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2026, and our other filings with the Securities and Exchange Commission.

These forward-looking statements are based on information as of November 19, 2026. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

About Gap Inc.

Gap Inc., a purpose-driven house of iconic brands, is the largest specialty apparel company in America. Its **Old Navy**, **Gap**, **Banana Republic**, and **Athleta** brands offer clothing, accessories, and lifestyle products for men, women and children worldwide through Company-operated and franchise stores and e-commerce sites. Through **Encore**, its cross-brand membership program, Gap Inc. connects members across its portfolio to rewards, benefits and exclusive experiences. Since 1969, Gap Inc. has created products and experiences that shape culture, while doing right by employees, communities and the planet through its commitment to bridge gaps to create a better world. For more information, please visit **www.gapinc.com**.

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The Gap, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

($ in millions)	October 31, 2026	November 1, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,578	$ 2,262
Short-term investments	394	255
Merchandise inventory	2,305	2,459
Other current assets	808	664
Total current assets	6,085	5,640
Property and equipment, net of accumulated depreciation	2,615	2,517
Operating lease assets	3,625	3,337
Other long-term assets	810	876
Total assets	$ 13,135	$ 12,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,526	$ 1,545
Accrued expenses and other current liabilities	984	1,067
Current portion of operating lease liabilities	615	629
Income taxes payable	33	38

Total current liabilities	3,158	3,279
Long-term liabilities:		
Long-term debt	1,493	1,491
Long-term operating lease liabilities	3,665	3,396
Other long-term liabilities	592	557
Total long-term liabilities	5,750	5,444
Total stockholders' equity	4,227	3,647
Total liabilities and stockholders' equity	$ 13,135	$ 12,370

The Gap, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	13 Weeks Ended		39 Weeks Ended	
($ and shares in millions except per share amounts)	October 31, 2026	November 1, 2025	October 31, 2026	November 1, 2025
Net sales	$ 4,011	$ 3,942	$ 11,159	$ 11,130
Cost of goods sold and occupancy expenses	2,306	2,272	6,108	6,476
Gross profit	1,705	1,670	5,051	4,654
Operating expenses	1,309	1,336	3,534	3,768
Operating income	396	334	1,517	886
Interest, net	(22)	(3)	(31)	(10)
Income before income taxes	418	337	1,548	896
Income tax expense	107	101	397	251
Net income	$ 311	$ 236	$ 1,151	$ 645
Weighted-average number of shares - basic	352	372	358	373
Weighted-average number of shares - diluted	360	380	368	382
Earnings per share - basic	$ 0.88	$ 0.63	$ 3.22	$ 1.73
Earnings per share - diluted	$ 0.86	$ 0.62	$ 3.13	$ 1.69

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

	39 Weeks Ended	
($ in millions)	October 31, 2026 (a)	November 1, 2025 (a)
Cash flows from operating activities:		
Net income	$ 1,151	$ 645
Depreciation and amortization	395	368
Change in merchandise inventory	(105)	(386)
Change in accounts payable	(49)	23
Other, net	(94)	(43)
Net cash provided by operating activities	1,298	607
Cash flows from investing activities:		
Purchases of property and equipment	(483)	(327)
Purchases of short-term investments	(320)	(213)
Proceeds from sales and maturities of short-term investments	312	213
Other	(2)	—
Net cash used for investing activities	(493)	(327)
Cash flows from financing activities:		
Proceeds from issuances under share-based compensation plans	17	18
Withholding tax payments related to vesting of stock units	(71)	(39)
Repurchases of common stock	(601)	(152)
Cash dividends paid	(187)	(185)
Net cash used for financing activities	(842)	(358)
Effect of foreign exchange rate fluctuations on cash, cash equivalents, and restricted cash	(2)	3

Net decrease in cash, cash equivalents, and restricted cash	(39)	(75)
Cash, cash equivalents, and restricted cash at beginning of period	2,644	2,365
Cash, cash equivalents, and restricted cash at end of period	$ 2,605	$ 2,290

(a) For the thirty-nine weeks ended October 31, 2026 and November 1, 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 to build and maintain our stores and distribution centers, as well as for technology investments. 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.

	39 Weeks Ended	
($ in millions)	October 31, 2026	November 1, 2025
Net cash provided by (used for) operating activities (a)	$ 1,298	$ 607
Less: Purchases of property and equipment	(483)	(327)
Free cash flow	$ 815	$ 280

(a) For the 39 weeks ended October 31, 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. There was also a pre-tax impact of IEEPA tariff refunds and related interest of approximately $536 million during the 39 weeks ended October 31, 2026.

The Gap, Inc.
NON-GAAP FINANCIAL MEASURES
UNAUDITED

ADJUSTED STATEMENT OF OPERATIONS METRICS FOR THE THIRD 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 ongoing impacts of IEEPA tariff recoveries for the fiscal year. 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 October 31, 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	$ 2,306	$ 1,705	42.5 %	$ 396	9.9 %	$ (22)	$ 107	$ 311	$ 0.86
Adjustments for:									
Tariff refund recovery (a)	3	(3)	(0.1) %	(3)	(0.1) %	16	(4)	(15)	(0.04)
Non-GAAP metrics	$ 2,309	$ 1,702	42.4 %	$ 393	9.8 %	$ (6)	$ 103	$ 296	$ 0.82

(a) Represents the impact of IEEPA tariff refunds of $3 million. The impact also reflects $16 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	$ 3.71	$ 3.76
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	$ 2.29	$ 2.34

(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 $515 million and $21 million of related interest income received, partially offset by a commitment of appreciation of approximately $95 million for certain vendors.

The Gap, Inc.
NET SALES RESULTS
UNAUDITED

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

($ in millions) 13 Weeks Ended October 31, 2026	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (b)	Total
U.S. (a)	$ 2,064	$ 812	$ 389	$ 214	$ 9	$ 3,488
Canada	191	99	42	6	—	338
Other regions	19	148	18	—	—	185
Total	$ 2,274	$ 1,059	$ 449	$ 220	$ 9	$ 4,011

($ in millions) 13 Weeks Ended November 1, 2025	Old Navy Global	Gap Global	Banana Republic Global	Athleta Global	Other (b)	Total
U.S. (a)	$ 2,049	$ 731	$ 404	$ 250	$ 17	$ 3,451
Canada	191	95	44	7	—	337
Other regions	13	125	16	—	—	154
Total	$ 2,253	$ 951	$ 464	$ 257	$ 17	$ 3,942

(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	39 Weeks Ended October 31, 2026	October 31, 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	2	1,244	19.6
Gap North America	459	13	472	5.0
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	(4)	248	1.0
Company-operated stores total	2,474	8	2,482	29.6

As of October 31, 2026, the Company's franchise partners operated approximately 1,000 franchise stores.

View original content to download multimedia:**https://www.prnewswire.com/news-releases/gap-inc-reports-third-quarter-fiscal-2026-results-302946045.html**

SOURCE Gap Inc.