

Second Quarter 2022 Earnings Results

August 19, 2022

Foot Locker

Kids Foot Locker

CHAMPS
SPORTS

EASTBAY

atmos

WSS

SIDESTEP





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This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, as amended. The words “believe,” “expect,” “anticipate,” “plan,” “predict,” “intend,” “seek,” “foresee,” “should,” “would,” “could,” “attempt,” “appears,” “forecast,” “outlook,” “estimate,” “project,” “potential,” “may,” “will,” “likely,” “guidance,” “goal,” “model,” “target,” “budget” and other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. Statements may be forward looking even in the absence of these particular words. Examples of forward-looking statements include, but are not limited to, statements regarding our financial position, business strategy, and other plans and objectives for our future operations, and generation of free cash flow. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. The forward-looking statements contained in this presentation are largely based on our expectations for the future, which reflect certain estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions, operating trends, and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. As such, management’s assumptions about future events may prove to be inaccurate. For a more detailed description of the risks and uncertainties involved, see “Risk Factors” in our most recently filed Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events, changes in circumstances, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us, or persons acting on our behalf. Management cautions you that the forward-looking statements contained herein are not guarantees of future performance, and we cannot assure you that such statements will be realized or that the events and circumstances they describe will occur. Factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements herein include, but are not limited to a change in the relationship with any of our key suppliers or the unavailability of premium products at competitive prices; a change in negotiated volume discounts, cooperative advertising, and markdown allowances with any of our key suppliers, or the ability to cancel orders and return excess or unneeded merchandise; our ability to fund our planned capital investments; the impact of volatility in the financial markets or other global economic factors; difficulties in appropriately allocating capital and resources among our strategic opportunities; our ability to realize the expected benefits from recent acquisitions; business opportunities and expansion; investments; expenses; dividends; share repurchases; liquidity; cash flow from operations; use of cash and cash requirements; borrowing capacity and use of proceeds; repatriation of cash to the United States; supply chain issues, including delays in merchandise receipts and increasing cost pressure caused by higher oceanic shipping and freight costs; labor shortages; expectations regarding increased wages; inflation; consumer spending levels; the effect of governmental assistance programs; social unrest; the direct and indirect effects of all variants of the coronavirus pandemic (COVID-19) on our business, including any adverse effects of the U.S. government’s COVID-19 vaccine mandates; expectations regarding increasing global taxes; the impact of government regulation, including changes in law; the impact of the adverse outcome of any material litigation against us or judicial decisions that affect us or our industry generally; the effects of weather; increased competition; the financial impact of accounting regulations and critical accounting policies; credit risk relating to the risk of loss as a result of non-performance by our counterparties; and any other factors listed in the reports we have filed and may file with the SEC that are incorporated by reference herein. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. You should not place undue reliance on forward-looking statements, which speak to our views only as of the date of this presentation.



OUR PURPOSE
TO INSPIRE AND EMPOWER
YOUTH CULTURE

OUR MISSION:

To fuel a shared passion for self-expression

OUR VISION:

To create unrivaled experiences for our consumers

OUR POSITION:

To be at the heart of the sport and sneaker communities

Comp sales

-10.3%

**Total sales +16.4%
vs. 2019**

Non-Nike sales
(core banners)
increased

High-singles

Apparel and Accessories
comps down LSD

**~800 bps
above average**

Gross margin

-340 bps

+160 bps vs. 2019

GAAP EPS

\$0.99

Non-GAAP EPS

\$1.10

Well positioned
with **fresh** inventory
going into Back-to-School

**+52%
year-over-year**

1H22 up >20% vs. 2019





Store Traffic
Up low-doubles



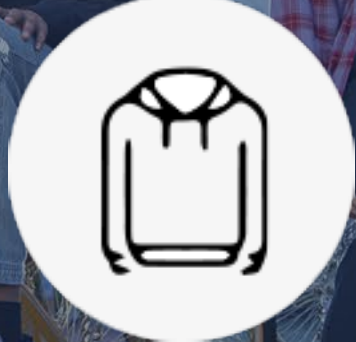
Units (total)
Down high-singles



ASP (total)
Down high-singles



Footwear
Down low-doubles



Apparel
Down mid-singles



Accessories
Up low-doubles

MAY



Down high-singles

JUNE



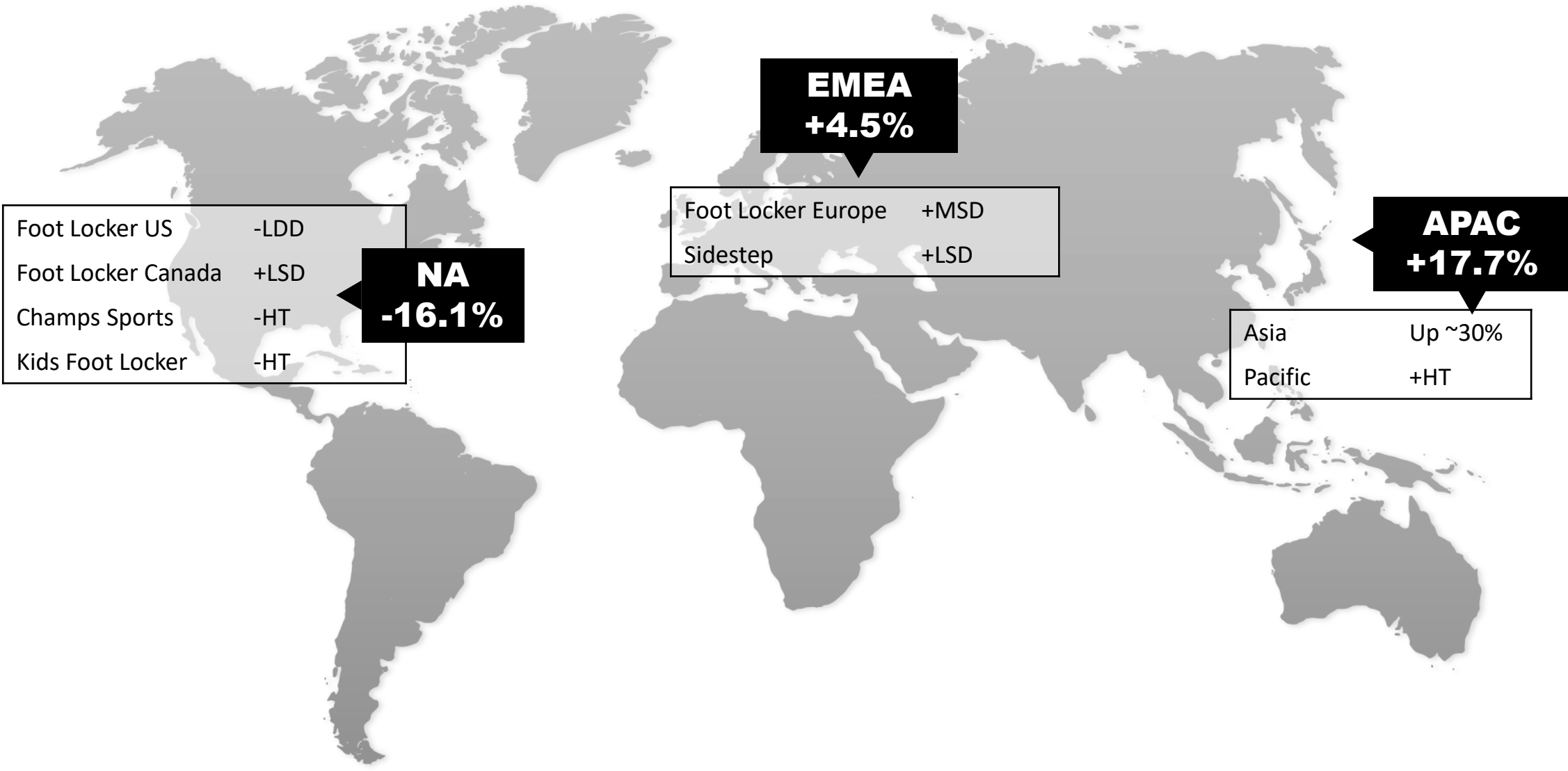
Down low-teens

JULY



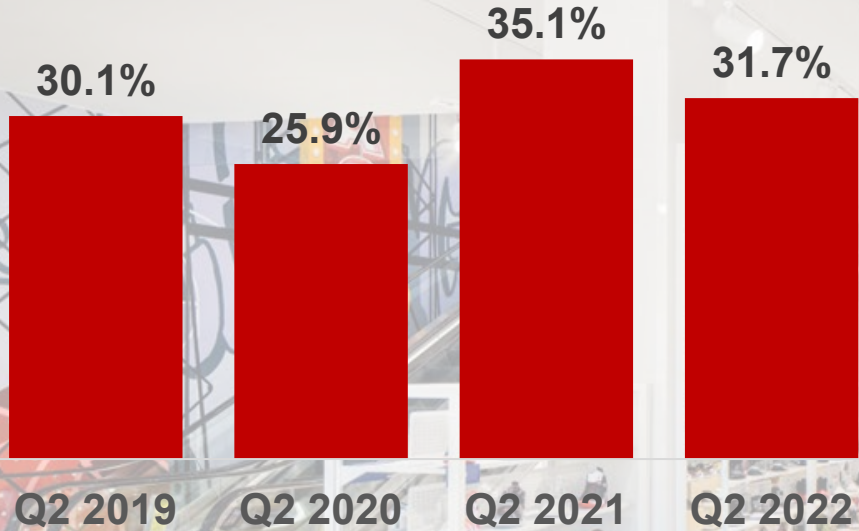
Down high-singles

	OVERALL	FOOTWEAR	APPAREL
MENS	Down high-singles	Down low-doubles	Down mid-singles
WOMENS	Down low-singles	Down mid-singles	Up >30%
KIDS	Down low-teens	Down low-teens	Down high-teens



GROSS MARGIN

(% of sales)



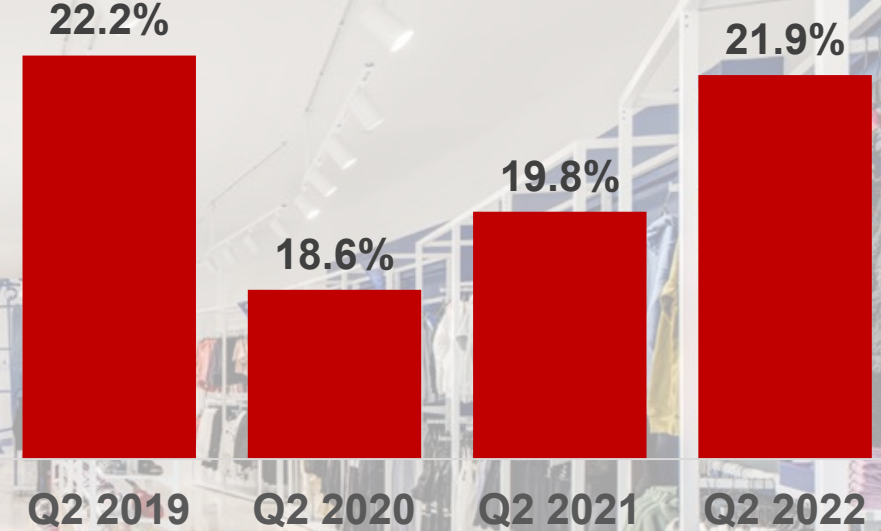
Down 340 bps vs. last year
Up 160 bps vs. 2019

Key Drivers

- Merchandise margin fell 260 bps on higher markdowns, supply chain costs, and larger mix of WSS/atmos
- Occupancy deleverage by 80 bps

SG&A EXPENSES

(%) of sales



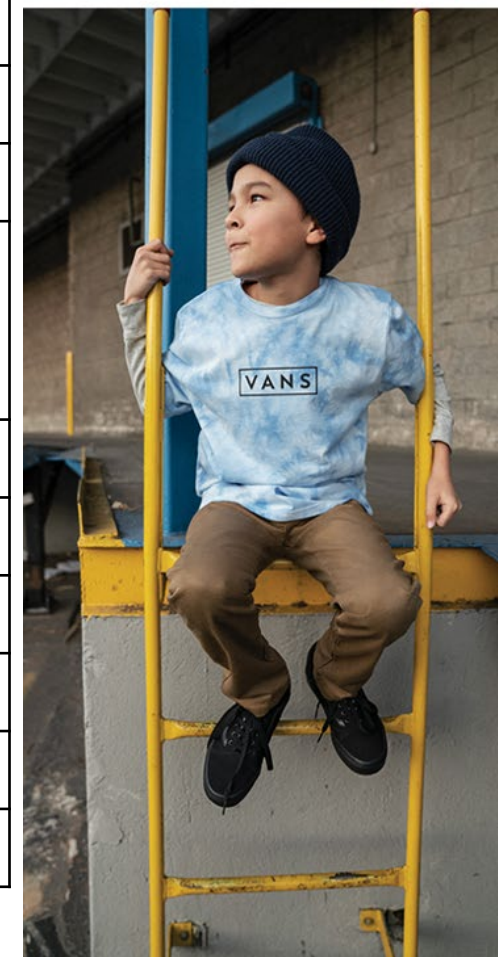
Up 210 bps vs. last year
30 bps vs. 2019

Key Drivers of deleverage

- Labor costs
- Marketing

2022 FINANCIAL OUTLOOK

Metric	Prior Guidance	Updated Guidance	Commentary
Sales Change	Upper end of down 4% to 6%	Down 6% to 7%	Foreign exchange pressure Team Sales divestiture
Comp Sales	Upper end of down 8% to 10%	Down 8% to 9%	
Sq. Ft. Growth	Down 1% to 2%	Down 1% to 2%	
Gross Margin	30.6% to 30.8%	31.1% to 31.2%	Better occupancy trends and supply chain costs Partially offset by higher markdowns
SG&A Rate	20.7% to 20.9%	21.3% to 21.4%	Ongoing inflation pressure
D&A	~\$214 million	~\$213 million	
Interest	~\$20 million	~\$20 million	
Tax Rate (Non-GAAP)	29% to 30%	30.0% to 30.5%	
Non-GAAP EPS	Upper end of \$4.25 to \$4.60	\$4.25 to \$4.45	Lower end of original range
Capex	Up to \$275 million	Up to \$275 million	



High percentage of multi-unit baskets have multiple brands*

Of transactions that have more than one item

~40%

have multiple brands

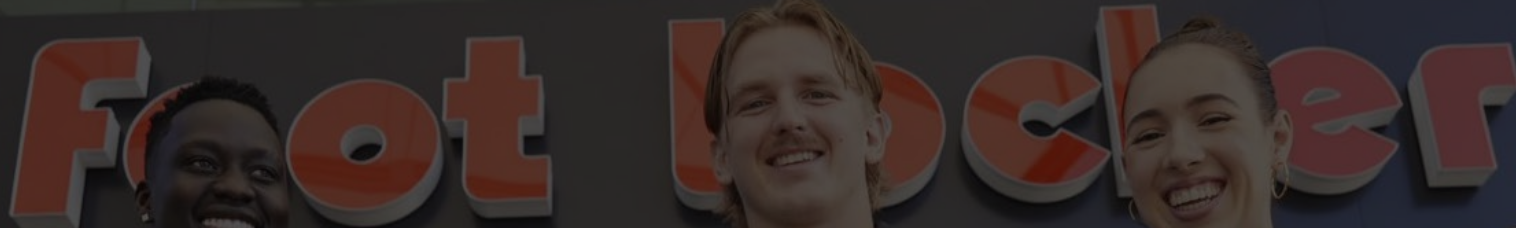
80% of our highest frequency shoppers buy multiple brands*

Customers who buy Footwear from us >4x over two years

BUY
~3 **AND ARE** **>50%**
DIFFERENT BRANDS **OF SALES**
(of identified customers)

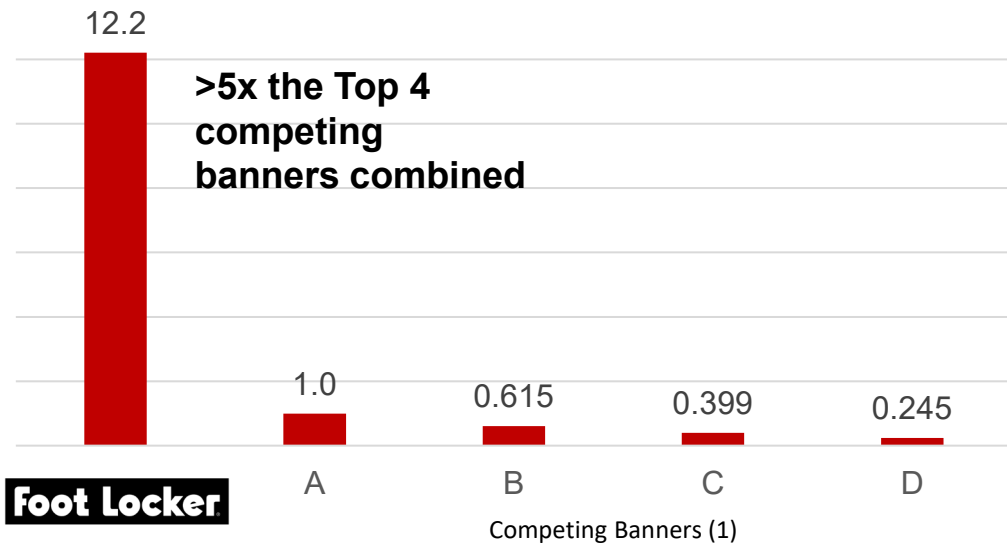


* Based on analysis of identified customers in North America excluding WSS and atmos



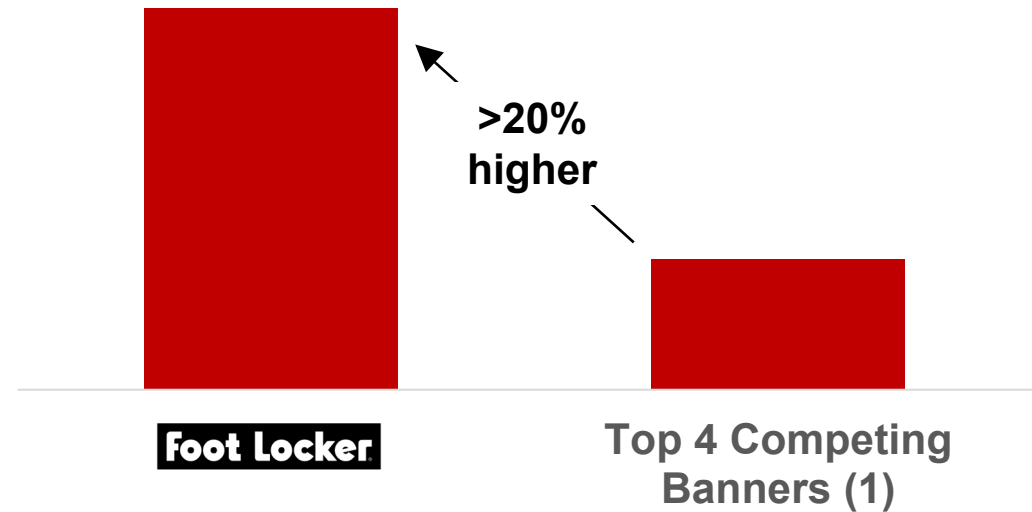
Instagram following well above peers

Instagram Followers
(millions in the U.S.)



Brand Health Index >20% higher than closest peers

Langston U.S. Brand Health Index (2)



Source: Instagram, Langston

(1) Third-Party Specialty Retailers

(2) Langston's Brand Health Index is a composite of several underlying metrics that address key aspects of a brand's health

WSS + ATMOS GROWTH AND MARGIN PROFILE

Sales Growth Profile*

~20%

Gross Margin

32-33%

EBIT Margin

11-14%

EBIT \$ CAGR *

~40%

• CAGR fiscal 2022 through fiscal 2024



Shoes. Style. Selection.®

- Growing revenue from >\$600M in 2022 to ~\$1Bn by 2024
- Doubling the store fleet to serve growing Hispanic population
- 100% off-mall Real Estate strategy drives occupancy leverage

Sales Growth Profile*

~15%

Gross Margin

32-33%

EBIT Margin

16-18%

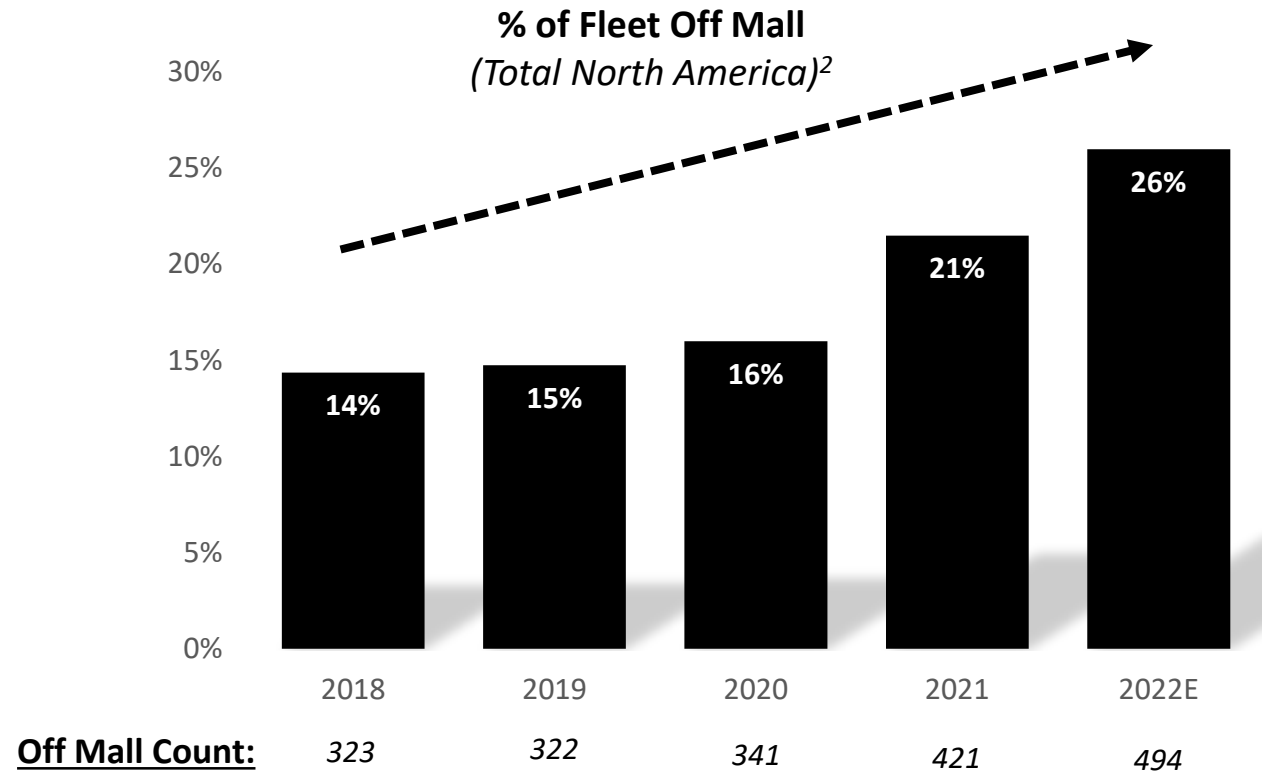
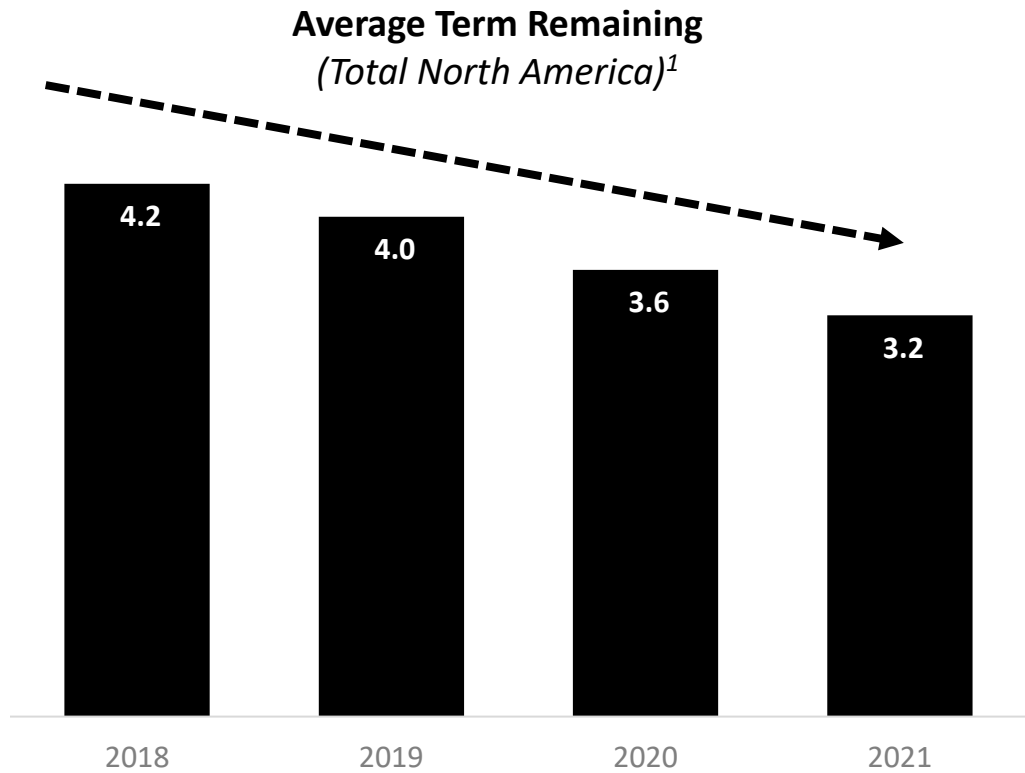
EBIT \$ CAGR *

~20%

atmos

- Growing revenue from ~\$220M in 2022 to ~\$300M by 2024
- Establishes footprint in critical Japanese sneaker market
- Digitally led, globally recognized controlled brand

REAL ESTATE FLEXIBILITY AND GROWING OFF-MALL MIX



(1) Excludes atmos & WSS

(2) includes atmos & WSS since acquisition