

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 1, 2025
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 1-10299



(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)
330 West 34th Street, New York, New York
(Address of principal executive offices)

13-3513936
(I.R.S. Employer Identification No.)
10001
(Zip Code)

Registrant's telephone number, including area code: (212) 720-3700
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	FL	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the registrant's Common Stock, par value \$0.01 per share, outstanding as of March 21, 2025: 94,954,372
The aggregate market value of voting stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the Registrant's most recently completed second fiscal quarter, August 3, 2024 was approximately: \$1,319,697,917*

* For purposes of this calculation only (a) all non-employee directors plus six executive officers and owners of 5% or more of the registrant are deemed to be affiliates of the registrant, and (b) shares deemed to be "held" by such persons include only outstanding shares of the registrant's voting stock with respect to which such persons had, on such date, voting or investment power.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement (the "Proxy Statement") to be filed in connection with the Annual Meeting of Shareholders to be held on May 21, 2025 are incorporated by reference in Part III.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "seeks," "continues," "feels," "forecasts," or words of similar meaning, or future or conditional verbs, such as "will," "should," "could," "may," "aims," "intends," or "projects." 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 herein 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.

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, including access to premium products, volume discounts, cooperative advertising, markdown allowances, or the ability to cancel orders or return excess or unneeded merchandise; inventory management; our ability to fund our planned capital investments; execution of the Company's long-term strategic plan; a recession, volatility in the financial markets, and other global economic factors, including inflation; capital and resource allocation among our strategic opportunities; our ability to integrate the operations acquisitions; business opportunities and expansion; investments; expenses; dividends; share repurchases; cash management; liquidity; cash flow from operations; access to credit markets at competitive terms; instability in the financial markets; borrowing capacity under our credit facility; cash repatriation; supply chain issues; labor shortages and wage pressures; consumer spending levels and expectations; licensed store arrangements; the effect of certain governmental assistance programs; the success of our marketing and sponsorship arrangements; expectations regarding increasing global taxes and tariffs; the effect of increased government regulation, compliance, and changes in law; the effect of the adverse outcome of any material litigation or government investigation that affects us or our industry generally; the effects of weather; ESG risks; increased competition; geopolitical events; the financial effects of accounting regulations and critical accounting policies; counterparty credit risks; and any other factors set forth in the section entitled "Risk Factors" of our most recent Annual Report on Form 10-K.

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 filing. Additional risks and uncertainties that we do not presently know about or that we currently consider to be insignificant may also affect our business operations and financial performance.

Please refer to "Item 1A. Risk Factors" in this Annual Report on Form 10-K for a discussion of certain risks relating to our business and any investment in our securities. Given these risks and uncertainties, you should not rely on forward-looking statements as predictions of actual results. Any or all of the forward-looking statements contained in this report, or any other public statement made by us, including by our management, may turn out to be incorrect. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I
Item 1. Business

General

Foot Locker, Inc., incorporated under the laws of the State of New York in 1989. Foot Locker, Inc. and its subsidiaries hereafter are referred to as the "Registrant," "Company," "we," "our," or "us." Foot Locker, Inc. currently has its corporate headquarters in New York. The Company plans to relocate its corporate headquarters to St. Petersburg, Florida in late 2025.

Foot Locker, Inc. is a leading footwear and apparel retailer that unlocks the "inner sneakerhead" in all of us. As of February 1, 2025, we operated 2,410 stores in 26 countries across North America, Europe, Australia, New Zealand, and Asia, and a licensed store presence in the Middle East, Europe, and Asia. Foot Locker, Inc. has a strong history of sneaker authority that sparks discovery and ignites the power of sneaker culture through its portfolio of brands, including Foot Locker, Kids Foot Locker, Champs Sports, WSS, and atmos.

Ensuring that our customers can engage with us in the most convenient manner for them whether in our stores, on our websites, or on our mobile applications, is a high priority for us. We use our omni-channel capabilities to bridge the digital world and physical stores, including order-in-store, buy online and pickup-in-store, and buy online and ship-from-store, as well as e-commerce. We operate websites and mobile apps aligned with the brand names of our store banners. These sites offer our largest product selections and provide a seamless link between our e-commerce experience and physical stores.

The service marks, tradenames, and trademarks appearing in this report (except for Nike and NBA) are owned by Foot Locker, Inc. or its subsidiaries.

Store and Operations Profile

	February 3, 2024	Opened	Closed	February 1, 2025	Relocations/ Remodels	Square Footage (in thousands)	
						Selling	Gross
Foot Locker U.S.	723	1	47	677	215	2,337	3,954
Foot Locker Canada	85	—	1	84	34	261	428
Champs Sports	404	—	21	383	2	1,466	2,306
Kids Foot Locker	390	2	23	369	108	752	1,262
WSS	141	12	2	151	3	1,573	1,895
Footaction	1	—	—	1	—	3	6
North America	1,744	15	94	1,665	362	6,392	9,851
Foot Locker Europe (1)	637	10	39	608	97	1,172	2,389
EMEA	637	10	39	608	97	1,172	2,389
Foot Locker Pacific	98	1	3	96	14	250	376
Foot Locker Asia	13	—	2	11	—	45	88
atmos	31	—	1	30	5	28	47
Asia Pacific	142	1	6	137	19	323	511
Total owned stores	2,523	26	139	2,410	478	7,887	12,751
Licensed stores	202	46	24	224			
Grand Total	2,725	72	163	2,634			

(1) Includes 13 and 7 Kids Foot Locker Stores as of February 3, 2024 and February 1, 2025, respectively.

As part of our Lace Up strategic plan, we aim to elevate, optimize, and standardize our store experience and bring the fleet to brand standard to serve as the destination for all things sneakers. As of February 1, 2025, we have 8 "Reimagined" concept stores across North America, Europe, Asia, and Australia, including one licensed store in India. Our "Reimagined" stores are intended to deliver a customer-centric experience, support brand storytelling, and create a fun and immersive customer experience. Through our store refresh program, which is designed to elevate our store experience at a lower rate of capital investment, we are updating many of our existing stores with key elements of our updated brand design standards. Throughout the year, we completed 407 store refreshes, and at year end 44% of our Foot Locker, Kids Foot Locker, and Champs Sports gross store square footage was at current brand standard. We grew our presence outside of malls, with 42% and 39% of off-mall store gross square footage in North America as of February 1, 2025 and February 3, 2024, respectively. Growing our off-mall presence has favorably affected our occupancy costs.

The following is a brief description of each of our banners:

Foot Locker — Foot Locker, which celebrated its 50th year in 2024, is a leading footwear and apparel retailer that unlocks the "inner sneakerhead" in all of us. For five decades, Foot Locker has been a global leader in sneaker culture, known for its curated selection of top brands and deep community connections. We remain the "Heart of Sneakers" by delivering exceptional customer service through our iconic "Stripers" and transforming the shopping experience. Foot Locker's dedication to self-expression and exceptional experiences for sneaker and basketball enthusiasts has cemented its leading role in sneaker culture. We connect with our consumers through a combination of global brand events, highly targeted and personalized experiences in local markets, and through our social and digital channels. Foot Locker's 1,469 stores are located in 25 countries with 677 in the United States and its territories, 84 in Canada, 601 in Europe, a combined 96 in Australia and New Zealand, and 11 in Asia. Our domestic stores have an average of 3,500 selling square feet and our international stores have an average of 2,200 selling square feet.

Kids Foot Locker — Kids Foot Locker offers a large selection of premium brand-name athletic footwear, apparel, and accessories for children. Kids Foot Locker enables youth of all ages to participate in sneaker culture and helps their parents shop in a curated environment in stores and online. We drive a sense of community in local markets through our fleet, as we offer a shopping experience and products designed for the youngest sneaker enthusiasts. Of our 369 North America stores, 356 are located in the United States and its territories and 13 are located in Canada. There are an additional 7 stores in Europe. These stores have an average of 2,000 selling square feet.

Champs Sports — Champs Sports is a primarily mall-based specialty athletic footwear and apparel retailer in North America. During the second quarter, we launched our new Champs Sports brand platform, "Sport For Life," a celebration of the powerful connection between sports and everyday life serving the sports-style enthusiast. Champs Sports is our lead banner for apparel, with head-to-toe offerings for the consumer shopping for their performance and sports style. Of our 383 stores, 354 are located in the United States and its territories and 29 are located in Canada. The Champs Sports stores have an average of 3,800 selling square feet.

WSS — Acquired in 2021, WSS is an athletic-inspired retailer focused on the large and rapidly growing Hispanic consumer demographic, operating a fleet of 151 off-mall stores in key markets across California, Texas, Arizona, Florida, and Nevada. WSS's community-driven business benefits from deep relationships with customers. WSS stores have an average of 10,400 selling square feet.

atmos — Acquired in 2021, atmos is a digitally-led, culturally-connected brand featuring premium sneakers and apparel, an exclusive in-house label, collaborative relationships with leading vendors in the sneaker ecosystem, experiential stores, and a robust omni-channel platform. atmos operates 30 stores in Japan, with an average of 900 selling square feet. The brand is also licensed to various entities in Asia.

Competition

The athletic footwear and apparel industry is highly competitive. We compete primarily with athletic footwear specialty stores, sporting goods stores, department stores, traditional shoe stores, mass merchandisers, and online retailers, some of which are also our suppliers.

Merchandise Purchases

Financial information concerning merchandise purchases is contained under the "Liquidity" section in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and under the "Business Risk" section in the *Financial Instruments and Risk Management* note in "Item 8. Consolidated Financial Statements and Supplementary Data."

Human Capital

We believe that our team members are one of our strongest competitive advantages and the high-quality service that they provide sets us apart from others in our industry. We had 13,140 full-time and 34,166 part-time employees as of February 1, 2025, and we consider employee relations to be satisfactory. Our Board of Directors, through the Human Capital and Compensation Committee, oversees human capital and management resources matters. We believe the strength of our workforce is a significant contributor to our success as a global brand. We are our customers – many of our team members are true sneakerheads. Our dynamic and fun sneaker culture has become a hallmark of our company, coupled with our team members' undeniable passion for what we sell. We cultivate a high-performance culture by empowering every team member, from store to corporate, to lead. We invest in their development for long-term growth, ensuring sustainable success.

Our compensation program is designed to attract, retain, and reward talented individuals who possess the skills necessary to lead and support our business objectives, achieve our strategic goals, and create long-term value for our shareholders. We offer competitive compensation (including salary, incentive bonus, and equity) and benefits packages to eligible team members in each of our locations around the globe. Our compensation and benefits programs are designed to support the financial, mental, and physical well-being of our team members and their families. We believe in paying team members equitably for performing work in similar circumstances, regardless of gender, race, or ethnicity.

Available Information

We maintain a corporate website at www.footlocker.com/corp. Our filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge through this website as soon as reasonably practicable after they are filed with or furnished to the SEC. The Corporate Governance section of our corporate website contains our Corporate Governance Guidelines, Committee Charters, and the Code of Business Conduct for directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. Copies of these documents may also be obtained free of charge upon written request to our Corporate Secretary at 330 West 34th Street, New York, NY 10001. The information on the Company's website is not a part of this Annual Report on Form 10-K and is not incorporated by reference in this report or any of the Company's other filings with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Risks Related to Our Business and Industry

Our inability to implement our long-range strategic plan may adversely affect our future results.

Our ability to successfully implement and execute our long-range strategic plan is dependent on many factors. Our strategies may require significant capital investment and management attention. Additionally, any new initiative is subject to certain risks, including customer acceptance of our products and renovated store designs or locations, our loyalty program, our digital e-commerce, competition, product differentiation, the ability to attract and retain qualified personnel, and our ability to successfully integrate our acquisitions and implement technological initiatives. If we cannot successfully execute our strategic growth initiatives or if the long-range plan does not adequately address the challenges or opportunities we face, our financial condition and results of operations may be adversely affected. Additionally, failure to meet shareholder expectations, particularly with respect to sales, supplier diversification, cost-cutting programs, operating margins, and earnings per share, would likely result in volatility in the market value of our stock.

The industry in which we operate is dependent upon fashion trends, customer preferences, product innovations, and other fashion related factors.

The athletic footwear and apparel industry, especially at the premium end of the price spectrum, in which we operate, is subject to changing fashion trends and customer preferences. In addition, retailers in the athletic industry rely on their suppliers to maintain innovation in the products they develop. We cannot guarantee that our merchandise selection will accurately reflect customer preferences when it is offered for sale or that we will be able to identify and respond quickly to fashion changes, particularly given the long lead times for ordering much of our merchandise from suppliers. A substantial portion of our highest margin sales are to young males (ages 12–25), many of whom we believe purchase athletic footwear and athletic apparel as a fashion statement and are frequent purchasers. Our failure to anticipate, including our suppliers' failure to anticipate, identify or react appropriately in a timely manner to changes in fashion trends that would make athletic footwear or athletic apparel less attractive to our customers could have a material adverse effect on our business, financial condition, and results of operations.

The retail athletic footwear and apparel business is highly competitive.

Our athletic footwear and apparel operations compete primarily with athletic footwear specialty stores, sporting goods stores, department stores, traditional shoe stores, mass merchandisers, and online retailers, as well as our merchandise vendor suppliers direct-to-customers channels. Although we sell an increasing proportion of our merchandise online, a significantly faster shift in customer buying patterns to purchasing athletic footwear, athletic apparel, and sporting goods online could have a material adverse effect on our business results. In addition, all of our significant suppliers operate retail stores and distribute products directly through the internet and others may follow. Should this continue to occur or accelerate, and if our customers decide to purchase directly from our suppliers, it could have a material adverse effect on our business, financial condition, and results of operations.

The principal competitive factors in our markets are selection of merchandise, customer experience, reputation, store location, advertising, and price. We cannot assure that we will continue to be able to compete successfully against existing or future competitors. Our expansion into markets served by our competitors, and entry of new competitors or expansion of existing competitors into our markets, could have a material adverse effect on our business, financial condition, and results of operations.

A change in the relationship with any of our key suppliers or the unavailability of key products at competitive prices could affect our financial health.

Our business is dependent to a significant degree upon our ability to obtain premium products and the ability to purchase brand-name merchandise at competitive prices, from a limited number of suppliers. In addition, we have negotiated volume discounts, cooperative advertising, and markdown allowances with our suppliers, as well as the ability to cancel orders and return excess or unneeded merchandise. We cannot be certain that such terms with our suppliers will continue in the future.

We purchased 85% of our merchandise in 2024 from our top five suppliers and we expect to continue to obtain a significant percentage of our athletic product from these suppliers in future periods. Approximately 59% of all merchandise purchased in 2024 was purchased from one supplier — Nike, Inc. ("Nike"). Each of our banners is highly dependent on Nike. Merchandise that is high profile and in high demand is allocated by our suppliers based upon their own criteria. We cannot be certain that our suppliers will allocate sufficient amounts to us in the future or whether our suppliers will choose to further sell such merchandise through their own direct-to-customers channel.

Our inability to obtain merchandise in a timely manner from major suppliers as a result of business decisions by our suppliers, or any disruption in the supply chain, could have a material adverse effect on our business, financial condition, and results of operations. Because of the high proportion of purchases from Nike, any adverse development in Nike's reputation, ability to create new or innovative products, financial condition or results of operations, or the inability of Nike to develop and manufacture products that appeal to our target customers could also have an adverse effect on our business, financial condition, and results of operations. We cannot be certain that we will be able to acquire merchandise at competitive prices or on competitive terms in the future. These risks could have a material adverse effect on our business, financial condition, and results of operations.

If we do not successfully manage our inventory levels, our operating results will be adversely affected.

We must maintain sufficient inventory levels to operate our business successfully. However, we also must guard against accumulating excess inventory. For example, we order most of our footwear four to six months prior to delivery to us. If we fail to anticipate accurately either the market for the merchandise or our customers' purchasing habits, we may be forced to rely on markdowns or promotional sales to dispose of excess or slow-moving inventory, which could negatively affect our gross margins and have a material adverse effect on our business, financial condition, and results of operations.

We have key strategic initiatives designed to optimize our inventory levels and increase the efficiency and responsiveness of our supply chain. We are also developing additional capabilities to analyze customer behavior and demand, which we believe will allow us to better localize assortment and improve store-level allocations to further tailor our assortments to customer needs and increase sell-through. Further, we are leveraging technology and data science to optimize our product-to-market processes and supply chain which we anticipate will enhance our in-season responsiveness. These initiatives and additional capabilities involve significant changes to our inventory management systems and processes. If we are unable to implement these initiatives, integrate these additional capabilities successfully, or properly utilize them, we may not realize the return on our investments that we anticipate, and our results of operations could be adversely affected.

We are affected by mall traffic and our ability to secure suitable store locations, both in malls and off-malls.

Many of our stores, especially in North America, are located primarily in enclosed regional and neighborhood malls. Our sales are affected, in part, by the volume of mall traffic. Mall traffic may be adversely affected by, among other factors, economic downturns, the closing or continued decline of anchor department stores and/or specialty stores, and a decline in the popularity of mall shopping among our target customers. Further, any terrorist act, natural disaster, public health issue, including pandemics, or safety concern that decreases the level of mall traffic, or that affects our ability to open and operate stores in such locations, could have a material adverse effect on our business.

To take advantage of customer traffic and the shopping preferences of our customers, we need to maintain or acquire stores in desirable locations, such as in regional and neighborhood malls, as well as high-traffic urban retail areas and high streets. We cannot be certain that desirable locations will continue to be available at favorable rates. Some traditional enclosed malls are experiencing significantly lower levels of customer traffic, driven by economic conditions, public health issues, the closure of certain mall anchor tenants, and changes in customer shopping preferences, such as online shopping. Further, some malls have closed, and others may close in the future. While we seek to obtain suitable locations off-mall, there is no guarantee that we will be able to secure such locations. As of February 1, 2025, 42% of our North America locations are off-mall. One of our strategic imperatives is to further increase the penetration of our North American fleet of off-mall locations to 50%.

Several large landlords dominate the ownership of prime malls and because of our dependence upon these landlords for a substantial number of our locations, any significant erosion of their financial condition or our relationships with them could negatively affect our ability to obtain and retain store locations. Additionally, further landlord consolidation may negatively affect our ability to negotiate favorable lease terms.

Our future growth may depend on our ability to expand our market share in international markets, including through licensed arrangements.

Our future growth will depend, in part, on our ability to expand our market share internationally. This may include expansion into new international markets, where we may have only limited experience in operating our business in such markets. In other instances, we may have to rely on the efforts and abilities of foreign business partners, such as through licensing agreements. In addition, business practices in these new international markets may be unlike those in the other markets we serve, and we may face increased exposure to certain risks. Our future growth may be materially adversely affected if we are unsuccessful in our international expansion efforts. Our inability to expand in international markets could have a material adverse effect on our business.

We may experience fluctuations in, and cyclicity of, our comparable sales results.

Our comparable sales have fluctuated significantly in the past, on both an annual and a quarterly basis, and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable sales results, including, among others, fashion trends, product innovation, promotional events, the highly competitive retail sales environment, economic conditions, timing of income tax refunds, changes in our merchandise mix, calendar shifts of holiday periods, declines in foot traffic, supply chain disruptions, and weather conditions. Many of our products represent discretionary purchases. Accordingly, customer demand for these products could decline in an economic downturn or other periods of economic uncertainty or if our customers develop other priorities for their discretionary spending. These risks could have a material adverse effect on our business, financial condition, and results of operations.

The effects of natural disasters, terrorism, acts of war, acts of violence, and public health issues may adversely affect our business.

Natural disasters, including earthquakes, wildfires, hurricanes, floods, and tornadoes may affect store and distribution center operations. In addition, acts of terrorism, acts of war, and military action both in the United States and abroad can have a significant effect on economic conditions and may negatively affect our ability to purchase merchandise from suppliers for sale to our customers. Any act of violence, including active shooter situations and terrorist activities, that are targeted at or threatened against shopping malls, our stores, offices or distribution centers, could result in restricted access to our stores and/or store closures in the short-term and, in the long-term, may cause our customers and employees to avoid visiting our stores. The ongoing conflicts in Ukraine and the Middle East may lead to disruption in the global supply chain, rising fuel costs, or cybersecurity risks, and economic instability generally, any of which could materially and adversely affect our business and results of operations.

Public health issues, including pandemics, whether occurring in the United States or abroad, could disrupt our operations and result in a significant part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. Additionally, public health issues may disrupt, or have an adverse effect on, our suppliers' operations, our operations, our customers, or result in significantly lower traffic to or closure of our stores, or customer demand. Our ability to mitigate the adverse effect of these events depends, in part, upon the effectiveness of our disaster preparedness and response planning as well as business continuity planning. However, we cannot be certain that our plans will be adequate or implemented properly in the event of an actual disaster.

Any significant declines in public safety or uncertainties regarding future economic prospects that affect customer spending habits could have a material adverse effect on customer purchases of our products. We may be required to suspend operations in some or all of our locations and incur significant costs to remediate concerns which could have a material adverse effect on our business, financial condition, and results of operations.

Social unrest, including riots, vandalism, and other crimes and acts of violence, may affect the markets in which we operate, our customers, delivery of our products and customer service, and could have a material adverse effect on our business, results of operations, or financial condition.

Our business may be adversely affected by instability, disruption, or destruction, regardless of cause, including riots, civil insurrection or social unrest, and manmade disasters or crimes. Such events may result in property damage and loss and may also cause customers to suspend their decisions to shop in our stores, interrupt our supply chain, and cause restrictions, postponements, and cancellations of events that attract large crowds and public gatherings, such as store marketing events. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition, or operating results.

Risk of loss or theft of assets, including inventory shrinkage, is inherent in the retail business. Loss may be caused by error or misconduct of employees, customers, vendors or other third parties including through organized retail crime and professional theft. While some level of inventory shrinkage is unavoidable, if we were to experience higher rates of inventory shrinkage, or if we were unable to effectively reduce losses or theft of assets, our results of operations could be affected adversely.

Our business could be materially harmed if we fail to adequately integrate the operations of the businesses we have acquired, or may acquire.

Acquisitions involve numerous inherent challenges, such as properly evaluating acquisition opportunities, properly evaluating risks and other diligence matters, ensuring adequate capital availability, and balancing other resource constraints. There are risks and uncertainties related to acquisitions, including difficulties integrating operations, personnel, and financial and other systems; unrealized sales expectations from the acquired business; unrealized synergies and cost savings; unknown or underestimated liabilities; diversion of management attention from running our existing businesses; and potential loss of key management or customers of the acquired business.

Risks Related to Technology, Data Security, and Privacy

We or our third-party providers are subject to technology risks, including failures, security breaches, and cybersecurity risks that could harm our business, damage our reputation, and increase our costs in an effort to protect against these risks.

Information technology is a critical part of our business operations. We depend on information systems to process transactions, analyze customer behaviors through our loyalty program, make operational decisions, manage inventory, operate our websites, purchase, sell and ship goods on a timely basis, and maintain cost-efficient operations. There is a risk that we could experience a business interruption, theft of information, or reputational damage as a result of a cyber-attack, such as an infiltration of a data center or data leakage of confidential information, either internally or through our third-party providers. We may experience operational problems with our information systems as a result of system failures, system implementation issues, viruses, malicious hackers, sabotage, or other causes. We invest in security technology to protect the data stored by us, including our data and business processes, against the risk of data security breaches and cyber-attacks. Our data security management program includes enforcement of standard data protection policies such as Payment Card Industry compliance and other regulatory requirements. Additionally, we evaluate our major technology suppliers and any outsourced services through accepted security assessment measures. We maintain and routinely test backup systems and disaster recovery, along with external network security penetration testing by an independent third party as part of our business continuity preparedness.

While we believe that our security technology and processes follow appropriate practices in the prevention of security breaches and the mitigation of cybersecurity risks, given the ever-increasing abilities of those intent on breaching cybersecurity measures and given the necessity of our reliance on the security procedures of third-party vendors, the total security effort at any point in time may not be completely effective. Failure of our systems, either internally or at our third-party providers, including failures due to cyber-attacks that would prevent the ability of systems to function as intended, could cause transaction errors, loss of customers and sales, and negative consequences to us, our employees, and those with whom we do business. We or our third-party providers have experienced and will continue to experience cyber incidents of varying degrees in conducting our business.

A cyberattack on a communications network or power grid could cause operational disruption resulting in loss of revenues. Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential information by us could also severely damage our reputation, expose us to the risks of litigation and liability, increase operating costs associated with remediation, and harm our business. While we carry insurance that would mitigate losses in connection with security breaches and cyber incidents, insurance may be insufficient to compensate us fully for potentially significant losses.

New data security laws add additional complexity, requirements, restrictions and potential legal risk, and compliance programs may require additional investment in resources, and could affect strategies and availability of previously useful data.

Risks associated with digital operations.

Our digital operations are subject to numerous risks, including risks related to the failure of the computer systems that operate our websites, mobile sites, and apps and their related support systems, computer viruses, cybersecurity risks, telecommunications or power failures, denial of service attacks, bot attacks, and similar disruptions. Also, to sustain, keep current, or grow our digital commerce business we will need to make additional investments. Risks related to digital commerce include those associated with credit card fraud, the need to keep pace with rapid technological change, governmental regulation, and legal uncertainties with respect to internet regulatory compliance. If any of these risks materialize, it could have a material adverse effect on our business.

Our inability to successfully manage the implementation of a new Enterprise Resource Planning ("ERP") system may adversely affect our business and results of operations or the effectiveness of our internal controls over financial reporting.

We are currently engaged in a multi-year program that includes implementing a new ERP system, as part of a plan to integrate and upgrade our systems and processes. This initiative includes a fully-integrated global accounting, operations, and finance enterprise resource planning system. It will also include warehouse management, order management, as well as various interfaces between these systems, and supporting back-office systems. Additional implementation activities are expected to continue in phases over the next few years. ERP implementations are complex, labor intensive, and time-consuming projects, which also involve substantial expenditures on system software and implementation activities. The ERP system is critical to our ability to provide important information to our management, obtain, and deliver products, provide services and customer support, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business. ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new computer system technology solution, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system has required, and will continue to require, the investment of significant financial and human resources, the re-engineering of processes of our business, and the attention of many employees who would otherwise be focused on other aspects of our business. Our results of operations could be adversely affected if we experience time delays or cost overruns during the ERP implementation process, or if we are unable to reap the benefits we expect from the ERP system. Any material deficiencies in the design and implementation of the new ERP system could also result in potentially materially higher costs and could adversely affect our ability to operate our business and otherwise negatively affect our financial reporting and the effectiveness of our internal control over financial reporting. Any of these consequences could have a material adverse effect on our results of operations and financial condition.

The technology enablement of omni-channel initiatives in our business is complex.

We continue to invest in initiatives designed to deliver a high-quality, coordinated shopping experience online, in stores, and on mobile devices, which requires substantial investment in technology, information systems, and employee training, as well as significant management time and resources. Our omni-channel retailing efforts include the integration and implementation of new technology, including technology and software associated with our ERP implementation, and processes to be able to fulfill orders from any point within our system of stores and distribution centers, which is extremely complex and may not meet customer expectations for timely and accurate deliveries. These efforts involve substantial risk, including risk of implementation delays, cost overruns, technology interruptions, supply and distribution delays, and other issues that can affect the successful implementation and operation of our omni-channel initiatives. If our omni-channel initiatives are not successful we may not be able to provide a relevant shopping experience, or we may not realize the return on our omni-channel investments that we anticipate, our financial performance and future growth could be materially adversely affected.

Privacy and data security concerns and regulation could result in additional costs and liabilities.

The protection of customer, employee, and Company data is critical. The regulatory environment surrounding privacy is demanding, with the frequent imposition of new and changing requirements. In addition, customers have a high expectation that we will adequately protect their personal information. Any actual or perceived misappropriation, breach or misuse involving this data could cause our customers to lose confidence in our ability to protect their data, which may cause them to potentially stop shopping with us or joining our loyalty program, attract negative media attention, cause harm to our reputation or result in liability (including but not limited to fines, penalties or lawsuits), any of which could have a material adverse effect on our business, operational results, financial position, and cash flows.

Regulatory scrutiny of privacy, user data protection, use of data and data collection is increasing on a global basis and regulations will likely continue to evolve over time. We are subject to numerous laws and regulations in the U.S. and internationally designed to protect the information of clients, customers, employees, and other third parties that we collect and maintain, including the European Union General Data Protection Regulation (the "EUGDPR") and the United Kingdom General Data Protection Regulation (the "UKGDPR"). Both the EUGDPR and UKGDPR, among other things, mandate requirements regarding the handling of personal data of employees and customers, including its use, protection, and the ability of persons whose data is stored to correct or delete such data about themselves. The state of California has a similar law called the California Consumer Privacy Act, (as amended, the "CCPA"). In addition to enforcement authority granted to the California Attorney General, the CCPA established the "California Privacy Protection Agency," a dedicated state agency charged with the authority to audit and enforce privacy rules, among other responsibilities, and the CCPA permits a private right of action for certain violations of law. Other U.S. states have also enacted comprehensive consumer privacy laws, and additional states may follow. We have from time to time received inquiries from governmental authorities regarding our practices. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data.

Laws and regulations related to privacy and data security are evolving and pose increasingly complex and rigorous compliance challenges, which may increase our compliance costs and related risk and/pr require adjustments to business strategies or uses of data, among other items. If we fail to comply with these laws or other similar regulations applicable to our business, we could be subject to reputational harm and significant litigation, monetary damages, regulatory enforcement actions, sanctions, or fines.

Risks Related to our Supply Chain and Operations

Complications in our distribution centers and other factors affecting the distribution of merchandise may affect our business.

We operate multiple distribution centers worldwide, as well as third-party arrangements, to support our operations. If complications arise with any facility or third-party arrangements, or if any facility is severely damaged or destroyed, our other distribution centers may be unable to support the resulting additional distribution demands. Our distribution center capabilities may also be affected by disruptions caused by upgrades or changes to our warehouse management systems. For example, in mid-2025, we plan to move our European distribution center to a new facility with an upgraded warehouse management system. We also may be affected by disruptions in the global transportation network caused by events including delays caused by acts of war or hostility and related military actions, port disruption, port strikes, weather conditions, work stoppages, or other labor unrest. These factors may adversely affect our ability to deliver inventory on a timely basis. We depend upon third-party carriers for shipment of merchandise. Any interruption in service by these carriers for any reason could cause disruptions in our business, a loss of sales and profits, and other material adverse effects.

Manufacturer compliance with our social compliance program requirements.

We require our independent manufacturers to comply with our policies and procedures, which cover many areas including human rights policy, labor, health and safety, and environmental standards. We monitor compliance with our policies and procedures using internal resources, as well as third-party monitoring firms. Although we monitor their compliance with these policies and procedures, we do not control the manufacturers or their practices. Any failure of our independent manufacturers to comply with our policies and procedures or local laws in the country of manufacture could disrupt the shipment of merchandise to us, force us to locate alternate manufacturing sources, reduce demand for our merchandise, or damage our reputation.

Our reliance on key management.

Future performance will depend upon our ability to attract, retain, and motivate our executive and senior management teams. Our future performance depends, to a significant extent, both upon the continued services of our current executive and senior management teams, as well as our ability to attract, hire, motivate, and retain additional qualified management in the future. We have succession plans in place and our Board of Directors reviews these succession plans. If our succession plans do not adequately cover significant and unanticipated turnover, the loss of the services of any of these individuals, or any resulting negative perceptions or reactions, could damage our reputation and our business.

Additionally, our success depends on the talents and abilities of our workforce in all areas of our business, especially personnel that can adapt to complexities and grow their skillset across the changing environment. Our ability to successfully execute our strategy depends on attracting, developing, and retaining qualified talent with diverse sets of skills, especially functional and technology specialists that directly support our strategies.

Risks associated with attracting and retaining store and field team members.

Our success depends, in part, upon our ability to attract, develop, and retain a sufficient number of qualified store and field team members. The turnover rate in the retail industry is generally high. If we are unable to attract and retain quality team members, our ability to meet our growth goals or to sustain expected levels of profitability may be compromised. While we believe we maintain good relations with our store and field team members, we also cannot predict whether any unionization or other organizing efforts could occur with our store or field team members.

Our ability to meet our labor needs while controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, and overtime regulations.

Risks Related to our Investments

If our long-lived tangible assets and operating lease right-of-use assets, or goodwill become impaired, we may need to record significant non-cash impairment charges.

We review our long-lived tangible assets, operating lease right-of-use assets, and goodwill when events indicate that the carrying value of such assets may be impaired. Goodwill is reviewed for impairment if impairment indicators arise and, at a minimum, annually.

Goodwill is not amortized but is subject to an impairment test, which consists of either a qualitative assessment on a reporting unit level, or a quantitative impairment test, if necessary. The determination of impairment charges is significantly affected by estimates of future operating cash flows and estimates of fair value. Our estimates of future operating cash flows are identified from our long-range strategic plans, which are based upon our experience, knowledge, and expectations; however, these estimates can be affected by factors such as our future operating results, future store profitability, and future economic conditions, all of which are difficult to predict accurately. Any significant deterioration in macroeconomic conditions could affect the fair value of our long-lived assets, operating lease right-of-use assets, and goodwill and could result in future impairment charges, which would adversely affect our results of operations.

We do not have the ability to exert control over our minority investments, and therefore, we are dependent on others in order to realize their potential benefits.

At February 1, 2025, we hold \$115 million of non-controlling minority investments in various entities and we may make additional strategic minority investments in the future. Such minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational, and compliance risks associated with the investments. Other investors in these entities may have business goals and interests that are not aligned with ours or may exercise their rights in a manner in which we do not approve. These circumstances could lead to delayed decisions or disputes and litigation with those other investors, all of which could have a material adverse impact on our reputation, business, financial condition, and results of operations.

If our investees seek additional financing to fund their growth strategies, these financing transactions may result in further dilution of our ownership stakes and these transactions may occur at lower valuations than the investment transactions through which we acquired such interests, which could significantly decrease the fair values of our investments in those entities. Additionally, if our investees are unable to obtain additional financing, those entities could need to significantly reduce their spending in order to fund their operations or result in their insolvency. These actions likely would result in reduced growth forecasts, which also could significantly decrease the fair values of our investments in those entities.

Risks Related to Shareholder Activism, Geopolitics, Regulations, Internal Controls, and Other External Risks

We may face risks associated with shareholder activism.

Publicly-traded companies are subject to campaigns by shareholders advocating corporate actions related to matters, such as corporate governance, operational practices, and strategic direction. We may become subject in the future to such shareholder activity and demands. Such activities could interfere with our ability to execute our business plans, affect our allocation of capital, disrupt relationships with our vendor partners, be costly and time-consuming, disrupt our operations, and divert the attention of management, any of which could have an adverse effect on our business or stock price.

Economic or political conditions in other countries, including fluctuations in foreign currency exchange rates and tax rates may adversely affect our operations.

A significant portion of our sales and operating income for 2024 was attributable to our operations outside of the United States. As a result, our business is subject to the risks associated with doing business outside of the United States such as local customer product preferences, political unrest, disruptions or delays in shipments, changes in economic conditions in countries in which we operate, foreign currency fluctuations, real estate costs, and labor and employment practices in non-U.S. jurisdictions that may differ significantly from those that prevail in the United States.

In addition, because our suppliers manufacture a substantial amount of our products in foreign countries, our ability to obtain sufficient quantities of merchandise on favorable terms may be affected by governmental regulations, trade restrictions, labor, and other conditions in the countries from which our suppliers obtain their product.

Fluctuations in the value of the euro and the British Pound may affect the value of our European earnings when translated into U.S. dollars. Similarly, our earnings in other jurisdictions may be affected by the value of currencies when translated into U.S. dollars. Our international subsidiaries conduct most of their business in their local currency.

Our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions. Fluctuations in tax rates and duties and changes in tax legislation or regulation could have a material adverse effect on our results of operations and financial condition.

Increasing inflation could adversely affect our business, financial condition, results of operations, or cash flows.

Inflation, as well as some of the measures taken by or that may be taken by the governments in countries where we operate in an attempt to curb inflation, may have negative effects on the economies of those countries generally. If the United States or other countries where we operate experience substantial inflation in the future, our business may be adversely affected. Fewer customers may shop as these purchases may be seen as discretionary, and those who do shop may limit the amount of their purchases. Any reduced demand or changes in customer purchasing behavior may lead to lower sales, higher markdowns and an overly promotional environment or increased marketing and promotional spending. This could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Our stock price may be volatile, and the value of our common stock has declined and may continue to decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including without limitation:

- a change in the relationship with any of our key suppliers or the unavailability of key products at competitive prices;
- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts and securities analysts may issue unfavorable research about us;
- changes in our projected operating and financial results;
- announcements by us or our competitors of significant business developments, acquisitions, or new offerings;
- significant data breaches;
- material litigation;
- future sales of our common stock by us or our shareholders, or the perception that such sales may occur;
- changes in senior management or key personnel;
- the trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market; and
- general macroeconomic, geopolitical, and market conditions beyond our control.

Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, such as recessions, interest rate changes, or international currency fluctuations, may also negatively affect the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

Macroeconomic developments may adversely affect our business.

Our performance is subject to global economic conditions and the related effects on consumer spending levels. Continued uncertainty about global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, unemployment, negative financial news, and/or declines in income or asset values, which could have a material negative effect on demand for our products. The ongoing conflicts in Russia/Ukraine and the Middle East may lead to disruption in the global supply chain, rising fuel costs, or cybersecurity risks, and economic instability generally, any of which could materially and adversely affect our business and results of operations. Additionally, with the U.K.'s exit from the European Union, known as Brexit, the ongoing uncertainties of the trading relationship between the U.K. and the European Union have yet to be completely realized and the ultimate outcome and long-term impacts for the U.K. and Europe remain uncertain.

As a retailer that is dependent upon consumer discretionary spending, our results of operations are sensitive to changes in macroeconomic conditions. Our customers may have less money for discretionary purchases as a result of job losses, foreclosures, bankruptcies, increased fuel and energy costs, higher interest rates, higher taxes, reduced access to credit, and lower home values. These and other economic factors could adversely affect demand for our products, which could adversely affect our financial condition and operating results.

Imposition of tariffs and export controls on the products we buy may have a material adverse effect on our business.

A significant portion of the products that we purchase, including the portion purchased from U.S.-based suppliers, as well as most of our private brand merchandise, is manufactured abroad. We may be affected by potential changes in international trade agreements or tariffs, such as new or increased tariffs imposed on certain goods imported into the U.S. For example, trade tensions between the U.S. and China have led to a series of significant tariffs on the importation of certain product categories and tariffs have been recently proposed, and in some cases enacted, on imports from Mexico, Canada, China, and other countries. We cannot predict what changes to trade agreements and tariffs may be made in the future, including whether existing policies will be maintained or modified, what products may be subject to such policies or whether the entry into new bilateral or multilateral trade agreements will occur, nor can we predict the effects that any such changes would have on our business. Furthermore, China or other countries may institute retaliatory trade measures in response to existing or future tariffs imposed by the U.S. that could have a negative effect on our business. As a result of these events, we may be obligated to seek alternative suppliers for our private brand merchandise, raise prices, make changes to our operations, or take other actions, any of which could have a material adverse effect on our sales and profitability, results of operations, and financial condition.

Instability in the financial markets may adversely affect our business.

The global macroeconomic environment could be negatively affected by, among other things, instability in global economic markets, disruptions to the banking system and financial market volatility resulting from bank failures, increased U.S. trade tariffs and trade disputes with other countries, instability in the global credit markets, supply chain weaknesses, instability in the geopolitical environment as a result of Brexit, the ongoing conflicts in Russia/Ukraine and the Middle East, and other political tensions, and foreign governmental debt concerns. Such challenges have caused, and may continue to cause, uncertainty and instability in local economies and in global financial markets.

This volatility may affect our future access to the credit and debt security markets, leading to higher borrowing costs, or, in some cases, the inability to obtain additional financing. Although we currently have a revolving credit agreement in place until June 20, 2029, tightening of credit markets could make it more difficult for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness, or obtain funding through the issuance of the Company's securities.

Material changes in the market value of the securities we hold may adversely affect our results of operations and financial condition.

At February 1, 2025, our cash and cash equivalents totaled \$401 million. The majority of our investments were short-term deposits in highly-rated banking institutions. We regularly monitor our counterparty credit risk and mitigate our exposure by making short-term investments only in highly-rated institutions and by limiting the amount we invest in any one institution. We continually monitor the creditworthiness of our counterparties. At February 1, 2025, all investments were in investment grade institutions. Despite an investment grade rating, it is possible that the value or liquidity of our investments may decline due to any number of factors, including general market conditions and bank-specific credit issues.

Our U.S. pension plan trust holds assets totaling \$342 million at February 1, 2025. The fair values of these assets held in the trust are compared to the plan's projected benefit obligation to determine the pension funding liability. We attempt to mitigate funding risk through asset diversification, and we regularly monitor investment risk of our portfolio through quarterly investment portfolio reviews and periodic asset and liability studies. Despite these measures, it is possible that the value of our portfolio may decline in the future due to any number of factors, including general market conditions and credit issues. Such declines could affect the funded status of our pension plan and future funding requirements.

Our financial results may be adversely affected by tax rates or exposure to additional tax liabilities.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Our provision for income taxes is based on a jurisdictional mix of earnings, statutory rates, and enacted tax rules, including transfer pricing. Significant judgment is required in determining our provision for income taxes and in evaluating our tax positions on a worldwide basis. Our effective tax rate could be adversely affected by a number of factors, including shifts in the mix of pretax results by tax jurisdiction, changes in tax laws or related interpretations in the jurisdictions in which we operate, and tax assessments and related interest and penalties resulting from income tax audits. Further, many countries continue to consider changes in their tax laws by implementing new taxes such as the digital service tax and initiatives such as the Organization for Economic Co-operation and Development's Pillar II global minimum tax. Various countries are in the process of incorporating the Pillar II framework within their tax laws.

Changes in employment laws or regulation could harm our performance.

Various foreign and domestic labor laws govern our relationship with our employees and affect our operating costs. These laws include, but are not limited to, minimum wage requirements, overtime, sick, and premium pay, paid time off, work scheduling, healthcare reform and the Patient Protection and Affordable Care Act, and the Protecting the Right to Organize Act, unemployment tax rates, workers' compensation rates, European works council requirements, and union organization.

A number of factors could adversely affect our operating results, including additional government-imposed increases in minimum wages, overtime, sick, and premium pay, paid leaves of absence, mandated health benefits, and changing regulations from the National Labor Relations Board or other agencies. Complying with any new legislation or interpretation of law, or reversing changes implemented under existing law could be time-intensive and expensive and may affect our business.

Legislative or regulatory initiatives related to climate change concerns may negatively affect our business.

Greenhouse gases may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. Such events could make it difficult or impossible for us to deliver products to our customers, create delays, and inefficiencies in our supply chain. Following an interruption to our business, we could require substantial recovery time, experience significant expenditures to resume operations, and lose significant sales. Concern over climate change may result in new or additional legal, legislative, regulatory, and compliance requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation, and utility increases, which could adversely affect our business.

We face increased scrutiny and evolving expectations regarding environmental, social, and governance ("ESG") matters.

We are subject to various reporting regimes in the U.S. and internationally. For example, we are subject to California's Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, which require disclosure of emissions and other matters. Further, we are subject to the European Sustainability Reporting Standards, which also require emissions and other disclosures. The requirements of these standards are evolving and require increasing disclosures across our business and expense associated with compliance. Failure to comply with these standards may result in fines, penalties and reputational harm.

There has been increased focus, including by investors, customers, and other stakeholders, on these and other sustainability matters, such as worker safety, human rights, textile and packaging waste, materials traceability, deforestation, and the use of plastic, which all lead to our risk of non-compliance, as well as may require us to incur increased costs for materials traceability, due diligence oversight, and reporting. This may increase product costs, which in turn may adversely affect our business, operating results, and financial condition. Concerns about these issues may cause investors and customer preferences to change and move towards products that are more sustainable, which may affect our ability to meet the needs of our customers and stakeholders.

Although we have undertaken efforts to implement ESG initiatives, it is possible that stakeholders may not be satisfied with our efforts or the speed of their adoption, or that taking such steps may also be criticized. In the U.S., there is growing anti-ESG sentiment which may conflict with other regulatory requirements, resulting in regulatory uncertainty. For example, lawmakers and other interest groups have proposed or enacted anti-ESG policies or legislation. Moreover, proxy advisory firms that provide voting recommendations to investors have developed ratings for evaluating companies on their approach to different ESG matters, and unfavorable ratings of our company or our industry may lead to negative investor sentiment and the diversion of investment to other companies or industries. If we are unable to meet ESG-related standards or expectations, whether established by us or third parties, it could result in adverse publicity, reputational harm, or loss of customer and/or investor confidence, which could adversely affect our business, results of operations, financial condition, and liquidity.

We may be adversely affected by regulatory and litigation developments.

We are exposed to the risk that federal or state legislation may negatively affect our operations. Changes in federal or state wage requirements, employee rights, health care, social welfare, or entitlement programs, including health insurance, paid leave programs, or other changes in workplace regulation could increase our cost of doing business or otherwise adversely affect our operations. Additionally, we are regularly involved in litigation and demands, including commercial, tort, intellectual property, customer, employment, wage and hour, data privacy, anti-corruption, and other claims, including purported class action lawsuits. The cost of defending against these types of claims against us or the ultimate resolution of such claims, whether by settlement, mediation, arbitration, or adverse court or agency decision, may harm our business.

We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-corruption laws, including the U.K. Bribery Act of 2010, which is broader in scope than the FCPA, generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws.

Despite our training and compliance programs, we cannot be assured that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees or agents. Our continued expansion outside the United States, including in developing countries, could increase the risk of FCPA violations in the future. Violations of these laws, or allegations of such violations, could have a material adverse effect on our results of operations or financial condition.

Failure to fully comply with Section 404 of the Sarbanes-Oxley Act of 2002 could negatively affect our business, market confidence in our reported financial information, and the price of our common stock.

We continue to document, test, and monitor our internal control over financial reporting in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. However, we cannot be assured that our disclosure controls and procedures and our internal control over financial reporting will prove to be completely adequate in the future. Failure to comply with Section 404 of the Sarbanes-Oxley Act of 2002 could negatively affect our business, the price of our common stock and market confidence in our reported financial information.

International intellectual property protection can be uncertain and costly.

Uncertainty in intellectual property protection can result from conducting business outside the United States, particularly in jurisdictions that do not have comparable levels of protection for our assets such as intellectual property, copyrights, and trademarks. Continuing to operate in such foreign jurisdictions where the ability to enforce intellectual property rights is limited increases our exposure to risk.

Risks Related to our Indebtedness and our Credit Facility

Our debt may cause an adverse effect on our business.

We have \$400 million of 4% Senior Notes due 2029. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our debt obligations could adversely affect our business, financial condition, results of operations, and other corporate requirements. This could require us to direct a substantial portion of our future cash flow toward payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, and other corporate requirements, thereby limiting our ability to respond to business opportunities.

We may be unable to draw on our credit facility in the future or we may be unable to secure a new credit facility with similar terms.

We have a \$600 million asset-based revolving credit facility that is scheduled to expire in June 2029. Borrowings and letters of credit under our credit facility are not permitted to exceed a borrowing base, which is tied to our level of inventory. Therefore, reductions in the value of our inventory would result in a reduction in our borrowing base, which would reduce the amount of financial resources available to meet our operating requirements. Also, if we do not comply with our financial covenants and we do not obtain a waiver or amendment from our lenders, the lenders may elect to cause any amounts then owed to become immediately due and payable, not fund any new borrowing, or they may decline to renew our credit facility. In that event, we would seek to establish a replacement credit facility with one or more other lenders, including lenders with which we have an existing relationship, potentially on less desirable terms. There can be no guarantee that replacement financing would be available at commercially reasonable terms, if at all. Additionally, our rates on our revolving credit facility may be affected by our credit ratings which could result in higher interest expense in the future.

Item 1B. Unresolved Staff Comments

None

Item 1C. Cybersecurity

Cybersecurity risk management, including our processes for assessing, identifying and managing material risks from cybersecurity threats, is an integral part of our overall enterprise risk management program.

Cybersecurity risk management and strategy

We use information technology and third-party service providers to support our global business processes and activities, which exposes us to cybersecurity risks.

Key Program Components

To help manage cybersecurity risk, the Company uses cybersecurity frameworks and standards as a guide, such as the National Institute of Standards and Technology's Cybersecurity Framework, International Organization of Standardization ISO/IEC 27002, and Payment Card Industry (PCI) Security Standards. We use, and continue to improve, our cyber defense-in-depth strategy, which uses multiple layers of security for holistic protection.

Our cybersecurity risk management program includes:

- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls, including third-party network security reviews, scans, and audits, on at least an annual basis;
- data protection and cybersecurity training for employees with access to information systems, certain individuals with privileged access, such as system administrators and developers, are subject to additional controls and monitoring activities;
- periodic phishing campaigns to train our employees to better identify, report, and avoid malicious content;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents;
- a disaster recovery plan and controls designed to protect against business interruption, including by backing up our critical systems;
- a third-party risk management process for service providers, suppliers, and vendors who have access to our information systems.

Cybersecurity Governance

The Board of Directors has risk oversight responsibility regarding risks that could affect the Company. Oversight for certain risks is administered through committees of the Board. The Audit Committee of the Board is responsible for oversight over our enterprise risk management framework. Cybersecurity risk is included in our enterprise risk management program.

The Technology and Digital Engagement Committee of the Board has primary responsibility for oversight of the Company's cybersecurity risk. This Committee receives regular briefings from our Chief Operations Officer, Chief Technology Officer, Chief Information Security Officer, and outside experts on cybersecurity risks and cyber risk oversight. During these meetings, the Technology and Digital Engagement Committee and management discuss cybersecurity risks, risk management activities and efforts, best practices, the effectiveness of our security measures, and other related matters. The Technology and Digital Engagement Committee Chair reports on the committee's meetings, considerations, and actions to the Board at the next Board meeting following each committee meeting. The Audit Committee also discusses and receives updates on cybersecurity matters in connection with its oversight of enterprise risk management.

We maintain a security incident response plan that is utilized when cybersecurity incidents are detected. We conduct periodic tabletop exercises, in which different internal and external stakeholders, including from time to time our CEO, Non-Executive Chair, or Board of Directors, participate in a simulated cyber scenario. The purpose of these exercises is to test our security incident response plan, identify weaknesses or gaps, and ensure that all participants are aware of, and familiar with, their roles and responsibilities.

Our Chief Information Security Officer, with oversight from the Chief Technology Officer and Chief Operations Officer, is primarily responsible for assessing and managing cybersecurity risks. Our Chief Information Security Officer has extensive cybersecurity knowledge and skills gained from over 25 years' experience in the field. He holds a Certified Information Systems Security Professional certification, issued by ISC, which is a globally recognized credential demonstrating expertise in information security and risk management. Our Chief Information Security Officer stays up to date on developments in cybersecurity, including potential threats and innovative risk management techniques. This ongoing knowledge acquisition also informs our program of prevention, detection, mitigation, and remediation of cybersecurity incidents.

Several experienced information security professionals report to our Chief Information Security Officer and he is supported by a team of trained cybersecurity team members. In addition to our in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

The Company regularly updates and assesses its information security strategy and responses for new and emerging threats. To date, the Company is not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected, or are reasonably likely to materially affect, the Company's business strategy, results of operations or financial position. Notwithstanding the breadth of the Company's information security program, it may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse impact. Also see "Risks Related to Technology, Data Security, and Privacy" included as part of Item 1A. "Risk Factors," which is incorporated by reference herein.

Item 2. Properties

Our properties consist of land, leased stores, administrative facilities, and distribution centers. Gross square footage and total selling area for our store locations at the end of 2024 were approximately 12.75 and 7.89 million square feet, respectively. These properties, which are primarily leased, are located in the United States and its territories, Canada, various European countries, Asia, Australia, and New Zealand.

As of February 1, 2025, we operated eight distribution centers, of which two are owned and six are leased, occupying an aggregate of 3.58 million square feet. Six of these distribution centers are in the United States, one is in Canada, and one is in the Netherlands. During 2024, we moved a WSS distribution center to a new larger location to enhance its capabilities. Additionally, we utilize the services of various third-party providers for our operations in the U.K., Australia, New Zealand, South Korea, and Japan. We also operate a leased warehouse in the United States, which supports our Team Edition apparel business.

We plan to open a new leased distribution center to support our European business, located in the Netherlands. This facility is currently expected to open mid-2025. The new distribution center will utilize state-of-the-art technologies to deliver improved logistics capabilities and operational efficiencies, as compared with the previous location for which the lease is expiring.

We believe that all leases of properties that are material to our operations may be renewed, or that alternative properties are available, on terms similar to existing leases.

Item 3. Legal Proceedings

Information regarding the Company's legal proceedings is contained in the "*Legal Proceedings*" note under "Item 8. Consolidated Financial Statements and Supplementary Data."

Item 4. Mine Safety Disclosures

Not applicable.

Item 4A. Information about our Executive Officers

The following table provides information with respect to all persons serving as executive officers as of March 27, 2025, including business experience for the last five years.

Name	Position	Age	Executive Officer Since
Mary N. Dillon	Chief Executive Officer since September 2022. Previously, Ms. Dillon served as Chief Executive Officer of Ulta Beauty, Inc. from July 2013 through June 2021.	63	2022
Michael Baughn	Executive Vice President and Chief Financial Officer since June 2023. Previously, Mr. Baughn served in various roles at Kohl's Corporation, including Executive Vice President of Finance and Treasurer from July 2021 through May 2023 and Senior Vice President of Finance and Treasurer from April 2018 through July 2021.	43	2023
Franklin R. Bracken	President since March 2025. Previously, he served as Executive Vice President and Chief Commercial Officer from December 2022 to March 2025, Executive Vice President and Chief Operating Officer from November 2021 through December 2022, Executive Vice President and Chief Executive Officer — North America from July 2020 through November 2021, and Senior Vice President and General Manager Foot Locker U.S., Lady Foot Locker, and Kids Foot Locker from October 2017 through July 2020.	52	2021
Cynthia Carlisle	Executive Vice President and Chief Human Resource Officer since March 2024. Previously, she served in various roles at Stryker Corporation, including Group Vice President, Human Resources from July 2020 through February 2024 and Vice President, Talent Management from November 2019 through July 2020.	50	2024
Jennifer L. Kraft	Executive Vice President and General Counsel since July 2023. Previously, she served as Senior Vice President, Deputy General Counsel and Corporate Secretary for Starbucks Corporation from September 2020 through June 2023. Prior to Starbucks, she served in roles of increasing responsibility at United Airlines Holdings, Inc. from July 2011 through September 2020, most recently as Deputy General Counsel, Vice President and Corporate Secretary.	54	2023
Elliott D. Rodgers	Executive Vice President and Chief Operations Officer since December 2022. Previously, Mr. Rodgers served as Chief People Officer for Project 44 from October 2021 through November 2022. He served in various roles at Ulta Beauty, Inc., including Chief Information Officer from September 2020 through October 2021 and Chief Supply Chain Officer from April 2019 to September 2020.	49	2022
Giovanna Cipriano	Senior Vice President and Chief Accounting Officer since May 2009.	55	2009

There are no family relationships among the executive officers or directors of the Company.

PART II

Item 5. Market for the Company's Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities

Foot Locker, Inc. common stock (ticker symbol "FL") is listed on the New York Stock Exchange as well as on the Börse Stuttgart stock exchange in Germany. As of February 1, 2025, we had 8,338 shareholders of record owning 94,946,126 common shares.

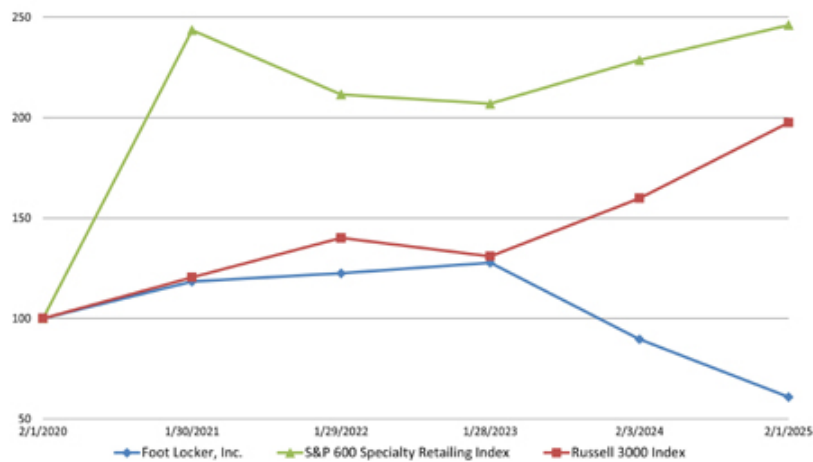
The table below provides information with respect to shares of the Company's common stock for the fourth quarter.

Date Purchased	Total Number of Shares Purchased (1)	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Dollar Value of Shares that may yet be Purchased Under the Program (2)
November 3 to November 30, 2024	4,885	\$ 24.28	—	\$ 1,103,814,042
December 1, 2024 to January 4, 2025	—	—	—	1,103,814,042
January 5 to February 1, 2025	—	—	—	1,103,814,042
	4,885	\$ 24.28	—	

- (1) These columns reflect shares acquired in satisfaction of the tax withholding obligation of holders of restricted stock units, which vested during the quarter.
 (2) On February 24, 2022, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$1.2 billion of its common stock and this program does not have an expiration date.

Performance Graph

The graph below compares the cumulative five-year total return to shareholders (common stock price appreciation plus dividends, on a reinvested basis) of our common stock relative to the total returns of the S&P 600 Specialty Retailing Index and the Russell 3000 Index.



	2/1/2020	1/30/2021	1/29/2022	1/28/2023	2/3/2024	2/1/2025
Foot Locker, Inc.	\$ 100.00	\$ 118.36	\$ 122.45	\$ 127.70	\$ 89.59	\$ 60.87
S&P 600 Specialty Retailing Index	\$ 100.00	\$ 243.54	\$ 211.51	\$ 206.92	\$ 228.62	\$ 246.06
Russell 3000 Index	\$ 100.00	\$ 120.47	\$ 140.08	\$ 130.94	\$ 159.81	\$ 197.50

The above information should not be deemed "soliciting material" or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Item 6. Selected Financial Data**FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA**

The selected financial data below should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and other information contained elsewhere in this report.

(\$ in millions, except per share amounts)	2024	2023 (1)	2022	2021	2020
Summary of Operations:					
Sales	\$ 7,971	8,154	8,747	8,958	7,548
Licensing revenue	17	14	12	10	6
Gross margin	2,305	2,259	2,792	3,080	2,183
Selling, general and administrative expenses	1,920	1,852	1,903	1,851	1,587
Depreciation and amortization	202	199	208	197	176
Impairment and other	97	80	112	172	117
Interest (expense) income, net	(8)	(9)	(15)	(14)	(7)
Other (expense) income, net	(44)	(556)	(42)	384	192
Net income (loss) attributable to Foot Locker, Inc.	12	(330)	342	893	323
Per Common Share Data:					
Basic earnings	\$ 0.13	(3.51)	3.62	8.72	3.10
Diluted earnings	\$ 0.13	(3.51)	3.58	8.61	3.08
Common stock dividends declared per share	\$ —	1.20	1.60	1.00	0.70
Weighted-average Common Shares Outstanding:					
Basic earnings	95.0	94.2	94.3	102.5	104.3
Diluted earnings	95.5	94.2	95.5	103.8	105.1
Financial Condition:					
Cash and cash equivalents	\$ 401	297	536	804	1,680
Merchandise inventories	1,525	1,509	1,643	1,266	923
Property and equipment, net	910	930	920	917	788
Total assets	6,748	6,868	7,907	8,135	7,043
Long-term debt and obligations under capital leases	446	447	452	457	110
Total shareholders' equity	2,909	2,890	3,293	3,243	2,776
Financial Ratios:					
Sales per average gross square foot (2)	\$ 507	510	548	540	417
SG&A as a percentage of sales	24.1%	22.7	21.8	20.7	21.0
Net income (loss) margin	0.2%	(4.0)	3.9	10.0	4.3
Adjusted net income margin (3)	1.6%	1.6	5.4	8.4	3.9
Earnings (loss) before interest and taxes (EBIT) (3)	\$ 59	(414)	539	1,254	501
EBIT margin (3)	0.7%	(5.1)	6.2	14.0	6.6
Adjusted EBIT (3)	\$ 193	214	692	1,049	428
Adjusted EBIT margin (3)	2.4%	2.6	7.9	11.7	5.7
Return on invested capital (ROIC) (3)	0.4%	(5.1)	5.6	17.0	6.7
Adjusted ROIC (3)	4.1%	3.8	9.2	16.4	8.6
Free cash flow (3)	\$ 105	(151)	(112)	457	903
Inventory turnover (4)	2.8	2.7	3.1	4.3	3.5
Current ratio	1.7	1.7	1.6	1.4	1.7
Other Data:					
Capital expenditures	\$ 240	242	285	209	159
Number of stores at year end	2,410	2,523	2,714	2,858	2,998
Total selling square footage at year end (in millions)	7.89	7.97	7.92	7.91	7.50
Total gross square footage at year end (in millions)	12.75	12.98	13.15	13.28	12.98

(1) Results for fiscal year 2023 reflect 53 weeks of operations as compared to 52 weeks for all other years presented.

(2) Calculated as store sales divided by the average monthly ending gross square footage of the last thirteen months. The computation for each of the years presented reflects the foreign exchange rate in effect for such year. 2023 reflected 52 weeks of sales for comparability.

(3) These represent non-GAAP measures, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information and calculation.

(4) Calculated as the cost of merchandise divided by the 13-month average inventory balance.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section of the Annual Report on Form 10-K generally discusses 2024 and 2023 detail and year-over-year comparisons between these years. For a comparison of our results for 2023 to our results of 2022 and other financial information related to 2022, refer to our Annual Report on Form 10-K for the year ended February 3, 2024 filed with the SEC on March 28, 2024.

Our Business

Foot Locker, Inc. is a leading specialty retailer operating 2,410 stores in 26 countries across the North America, Europe, Australia, New Zealand, and Asia. We also have a licensed store presence in the Middle East, Europe, and Asia. Results for fiscal year 2023 reflect 53 weeks of operations as compared with 52 weeks for all other years presented.

Foot Locker, Inc. has a strong history of sneaker authority that sparks discovery and ignites the power of sneaker culture through its portfolio of brands, including Foot Locker, Kids Foot Locker, Champs Sports, WSS, and atmos.

Overview of Consolidated Results

(in millions, except per share data)

	2024	2023	2022
Sales	\$ 7,971	\$ 8,154	\$ 8,747
Sales per average square foot	507	510	548
Licensing revenue	17	14	12
Gross margin	2,305	2,259	2,792
Gross margin rate	28.9%	27.7%	31.9%
Selling, general and administrative expenses ("SG&A")	\$ 1,920	\$ 1,852	\$ 1,903
SG&A, as a percentage of sales	24.1%	22.7%	21.8%
Income from operations	\$ 103	\$ 142	\$ 581
Income (loss) from continuing operations before income taxes	51	(423)	524
Net income (loss) attributable to Foot Locker, Inc.	12	(330)	342
Diluted earnings per share	0.13	(3.51)	3.58
Adjusted net income (non-GAAP)	130	134	473
Adjusted diluted earnings per share (non-GAAP)	1.37	1.42	4.95

Summary of our 2024 financial performance:

	2024	2023	2022
Sales (decrease) increase	(2.2)%	(6.8)%	(2.4)%
Comparable sales increase (decrease)	1.4%	(6.7)%	(1.9)%

- Comparable sales increased in both of our channels during 2024, our direct-to-customers channel increased by 6.2% and the stores channel increased by 0.4%.
- Total sales declined by 2.2% when compared with the 53 weeks of last year. Excluding the 53rd week of sales of \$98 million, sales declined by 1.1%.
- One of our strategic initiatives is improving our omni-channel capabilities. We are making ongoing investments in our omni-channel ecosystem, including our e-commerce experience and supply chain capabilities, in order to create seamless shopping experiences across all of our sales channels. During the year, we saw improvements in our e-commerce capabilities and the percentage of our direct-to-customers sales channel increased to 18.2% of total sales in 2024 as compared with 17.2% last year.
- Our footwear sales represented 84% of total sales, while apparel and accessory sales were 16%, reflecting a 3% increase in footwear sales as compared with the prior year.
- Gross margin, as a percentage of sales, increased to 28.9% as a result of decreased promotions during 2024 and occupancy rate leverage. We prudently managed markdowns to drive margin rate increases.
- Our enhanced loyalty program, FLX Rewards, was launched in the second quarter across North America, with plans to expand to other geographies. The FLX Rewards program introduced FLX Cash, enabling customers to use points towards a discount on purchases, and other member-exclusive benefits, including priority access to highly anticipated sneaker launches, exclusive sales, member-only events, free returns, upgraded birthday gifts, and continued complimentary shipping for members. We believe that our FLX Rewards Program is key to driving customer retention and engagement. This program provides a platform to engage with our customers on a regular basis, through personalized offers and targeted communications.

- Our cost optimization program focused on driving efficiencies which allowed us to focus our SG&A dollars on strategic investments in technology and brand building, including our marketing partnership with the NBA. SG&A expenses were 24.1% of sales, an increase of 140 basis points as compared with the prior year.
- We continued to rationalize our portfolio to improve profitability by focusing on underperforming geographies. During 2024, we announced the shutdown of underperforming operations in South Korea, Denmark, Norway, and Sweden. In addition, we entered into agreements to sell our Greece and Romania businesses to a third party and entered into licensing agreements with the purchaser. We expect to close the sale in early 2025.
- In 2024, we closed 139 underperforming stores, as part of the Lace Up strategic plan to power up our portfolio. We have repositioned the Champs Sports banner, which delivered comparable sales growth in the second half of 2024.

Highlights of our financial position for the year ended February 1, 2025 include:

- We ended the year with cash and cash equivalents of \$401 million at February 1, 2025 as compared with \$297 million at February 3, 2024.
- We returned to free cash flow generation, generating \$105 million of free cash flow.
- Our merchandise inventories were \$1.5 billion, an increase of 1.1%. Our inventory turns improved to 2.8 times in 2024, an increase of 5% as compared with 2023.
- Net cash provided by operating activities was \$345 million as compared with \$91 million last year. This reflected lower payments for incentive compensation and income taxes, as well as changes in prepaid occupancy expense related to the timing of rent payments due to the 53rd week in 2023.
- Cash capital expenditures during 2024 totaled \$240 million and were primarily directed to the remodeling or relocation of 478 stores and the build-out of 26 new stores, as well as various technology and infrastructure projects. The new and remodeled stores included our Reimagined concept stores, which is the go-forward store expression of the Foot Locker brand. Our capital plans for 2025 will continue to focus on refreshing our store portfolio, with 80 additional Reimagined stores planned.

Reconciliation of Non-GAAP Measures

In addition to reporting our financial results in accordance with generally accepted accounting principles ("GAAP"), we report certain financial results that differ from what is reported under GAAP. In the following tables, we have presented certain financial measures and ratios identified as non-GAAP such as Earnings (Loss) Before Interest and Taxes ("EBIT"), adjusted EBIT, adjusted EBIT margin, adjusted income before income taxes, adjusted net income, adjusted net income margin, adjusted diluted earnings per share, adjusted Return on Invested Capital ("ROIC"), and free cash flow.

We present these non-GAAP measures because we believe they assist investors in comparing our performance across reporting periods on a consistent basis by excluding items that are not indicative of our core business or which affect comparability across fiscal periods. These non-GAAP measures are also useful in assessing our progress in achieving our long-term financial objectives.

Additionally, we present certain amounts as excluding the effects of foreign currency fluctuations, which are also considered non-GAAP measures. Throughout the following discussions, where amounts are expressed as excluding the effects of foreign currency fluctuations, such changes are determined by translating all amounts in both years using the prior-year average foreign exchange rates. Presenting amounts on a constant currency basis is useful to investors because it enables them to better understand the changes in our businesses that are not related to currency movements.

We estimate the tax effect of the non-GAAP adjustments by applying a marginal rate to each of the respective items. The income tax items represent the discrete amount that affected the period.

The non-GAAP financial information is provided in addition to, and not as an alternative to, our reported results prepared in accordance with GAAP. Presented below is a reconciliation of GAAP and non-GAAP results discussed throughout this Annual Report on Form 10-K. All adjusted amounts exclude the loss from discontinued operations. Please see the non-GAAP reconciliations for free cash flow in the "*Liquidity and Capital Resources*" section.

Reconciliation of Non-GAAP Measures

(\$ in millions)	2024	2023	2022
Pre-tax income (loss):			
Income (loss) from continuing operations before income taxes	\$ 51	\$ (423)	\$ 524
Pre-tax adjustments excluded from GAAP:			
Impairment and other (1)	97	80	112
Other expense / income, net (2)	37	548	41
Adjusted income before income taxes (non-GAAP)	\$ 185	\$ 205	\$ 677
Calculation of Earnings (Loss) Before Interest and Taxes (EBIT):			
Income (loss) from continuing operations before income taxes	\$ 51	\$ (423)	\$ 524
Interest expense, net	8	9	15
EBIT	\$ 59	\$ (414)	\$ 539
Adjusted income before income taxes	\$ 185	\$ 205	\$ 677
Interest expense, net	8	9	15
Adjusted EBIT (non-GAAP)	\$ 193	\$ 214	\$ 692
EBIT margin %	0.7%	(5.1)%	6.2%
Adjusted EBIT margin %	2.4%	2.6%	7.9%
After-tax income:			
Net income (loss) attributable to Foot Locker, Inc.	\$ 12	\$ (330)	\$ 342
After-tax adjustments excluded from GAAP:			
Impairment and other, net of income tax benefit of \$22, \$18, and \$21, respectively (1)	75	62	91
Other expense / income, net of income tax (benefit) expense of \$-, (\$142), and (\$9), respectively (2)	37	406	32
Net loss from discontinued operations, net of income tax benefit of \$2, \$-, and \$1, respectively (3)	6	—	3
Tax reserves benefit / charge (4)	—	(4)	5
Adjusted net income (non-GAAP)	\$ 130	\$ 134	\$ 473
Earnings per share:			
Diluted EPS	\$ 0.13	\$ (3.51)	\$ 3.58
Diluted EPS amounts excluded from GAAP:			
Impairment and other (1)	0.80	0.66	0.95
Other expense / income, net (2)	0.38	4.31	0.33
Net loss from discontinued operations (3)	0.06	—	0.04
Tax reserves benefit / charge (4)	—	(0.04)	0.05
Adjusted diluted EPS (non-GAAP)	\$ 1.37	\$ 1.42	\$ 4.95
Net income (loss) margin %	0.2%	(4.0)%	3.9%
Adjusted net income margin %	1.6%	1.6%	5.4%

(1) For 2024, 2023, and 2022, we recorded impairment and other of \$97 million (\$75 million after tax), \$80 million (\$62 million after tax), and \$112 million (\$91 million after tax), respectively. See the "Impairment and Other" section for further information.

(2) During 2024, 2023, and 2022, we recorded other expense of \$37 million (\$37 million after tax), \$548 million (\$406 million after tax), and \$41 million (\$32 million after tax), respectively. These adjustments represent fair value and other changes in our minority investments, the 2023 pension settlement charge, and gains on sales of properties and businesses. See the "Other (Expense) Income, net" section for further information.

(3) We recognized a charge to discontinued operations of \$8 million (\$6 million after tax) during the fourth quarter of 2024 and \$4 million (\$3 million after tax) during the fourth quarter of 2022 related to legal matters of a business we formerly operated.

(4) In the first quarter of 2023, we recorded a \$4 million benefit related to income tax reserves due to a statute of limitations release. In the second quarter of 2022, we recorded a \$5 million charge related to our income tax reserves due to the resolution of a foreign tax settlement.

Return on Invested Capital

ROIC and Adjusted ROIC are presented below. Adjusted ROIC represents a non-GAAP measure and is calculated as adjusted return after taxes divided by average invested capital. We believe Adjusted ROIC is a meaningful measure because it quantifies how efficiently we generated operating income relative to the capital we have invested in the business, excluding items that are not indicative of our core business or which affect comparability.

ROIC using U.S. GAAP amounts is the most comparable measure to Adjusted ROIC. ROIC increased to 0.4% in 2024, as compared with (5.1)% in the prior year. This increase reflected net income in 2024 as compared with net loss in 2023. Adjusted ROIC increased to 4.1% as compared with 3.8% in the prior year due to a decline in average invested assets in 2024, as we continued to focus on working capital improvements.

	2024	2023	2022
ROIC %	0.4%	(5.1)%	5.6%
Adjusted ROIC % (non-GAAP)	4.1%	3.8%	9.2%

Calculation of ROIC

(\$ in millions)	2024	2023	2022
EBIT	\$ 59	\$ (414)	\$ 539
- Income tax adjustment (1)	(35)	91	(184)
+ Net loss attributable to noncontrolling interests	—	—	1
= Return after taxes	\$ 24	\$ (323)	\$ 356
Average total assets (2)	\$ 6,808	\$ 7,388	\$ 8,021
- Average cash and cash equivalents	(349)	(417)	(670)
- Average non-interest bearing current liabilities	(803)	(927)	(1,109)
- Average merchandise inventories	(1,517)	(1,576)	(1,455)
+ 13-month average merchandise inventories	1,681	1,804	1,569
= Average invested capital	\$ 5,820	\$ 6,272	\$ 6,356
ROIC %	0.4%	(5.1)%	5.6%

- (1) Represents the income tax provision adjusted for the tax related to interest expense.
(2) Represents the average total assets on the balance sheet for the current and preceding fiscal year.

Calculation of Adjusted ROIC

(\$ in millions)	2024	2023	2022
Adjusted EBIT (non-GAAP)	\$ 193	\$ 214	\$ 692
+ Interest component of straight-line rent expense (1)	139	133	136
Adjusted net operating profit	332	347	828
- Adjusted income tax expense (2)	(93)	(107)	(244)
+ Net loss attributable to noncontrolling interests	—	—	1
= Adjusted return after taxes (non-GAAP)	\$ 239	\$ 240	\$ 585
Average invested capital - as calculated above	\$ 5,820	\$ 6,272	\$ 6,356
Adjusted ROIC % (non-GAAP)	4.1%	3.8%	9.2%

- (1) Represents the add-back to operating income driven by the hypothetical interest expense we would incur if the property under our operating leases were owned or accounted for as finance leases. Calculated using the discount rate for each operating lease recorded as a component of rent expense. Operating lease interest is added back to adjusted net operating profit in the ROIC calculation to account for differences in capital structure between us and our competitors.
(2) The adjusted income tax expense represents the marginal tax rate applied to adjusted net operating profit for each of the periods presented.

Segment Reporting and Results of Operations

We have determined that we have three operating segments, North America, EMEA, and Asia Pacific. Our North America operating segment includes the results of the following banners operating in the U.S. and Canada: Foot Locker, Champs Sports, Kids Foot Locker, and WSS, including each of their related e-commerce businesses. Our EMEA operating segment includes the results of the Foot Locker and Kids Foot Locker banners operating in Europe, including each of their related e-commerce businesses. Our Asia Pacific operating segment includes the results of the Foot Locker banner and its related e-commerce business operating in Australia, New Zealand, and Asia, as well as atmos, which operates primarily in Asia. We have further aggregated these operating segments into one reportable segment based upon their shared customer base and similar economic characteristics.

As previously announced, during the third quarter of 2024, we entered into agreements to sell our Greece and Romania businesses and entered into license arrangements with the purchaser for the rights to operate Foot Locker stores in Greece and Romania and six other countries in Europe.

Sales

Comparable sales is a key performance indicator for us. All references to comparable-store sales for a given period relate to sales of stores that were open at the period-end and had been open for more than one year. The computation of consolidated comparable sales also includes direct-to-customers sales as a result of our omnichannel strategy. We view our e-commerce business as an extension of our physical stores. Stores opened or closed during the period are not included in the comparable-store base; however, stores closed temporarily for relocation or remodeling are included. Computations exclude the effect of foreign currency fluctuations. In fiscal years following those with 53 weeks, including 2024, we calculate comparable sales on a 52-week basis by comparing the current and prior-year weekly periods that are most closely aligned. There may be variations in the way in which some of our competitors and other retailers calculate comparable or same store sales.

In 2024, sales decreased by 2.2% to \$7,971 million from sales of \$8,154 million in 2023. Excluding the effect of foreign currency fluctuations, sales decreased by 1.9% as compared with 2023. Sales decreased by \$31 million from foreign currency fluctuations related primarily to the weakening of the Japanese yen, Canadian dollar, and euro against the U.S. dollar. Results from 2023 include the effect of the 53rd week, which represented sales of \$98 million. Excluding sales from the 53rd week of 2023, sales decreased by 1.1%.

The information shown below represents certain sales metrics by sales channel:

(\$ in millions)	2024	2023	2022
Store sales	\$ 6,517	\$ 6,751	\$ 7,219
\$ Change	\$ (234)	\$ (468)	
% Change	(3.5)%	(6.5)%	
% of total sales	81.8%	82.8%	82.5%
Comparable sales increase (decrease)	0.4%	(6.5)%	3.7%
Direct-to-customer sales	\$ 1,454	\$ 1,403	\$ 1,528
\$ Change	\$ 51	\$ (125)	
% Change	3.6%	(8.2)%	
% of total sales	18.2%	17.2%	17.5%
Comparable sales increase (decrease)	6.2%	(7.4)%	(21.2)%
Total sales	\$ 7,971	\$ 8,154	\$ 8,747
\$ Change	\$ (183)	\$ (593)	
% Change	(2.2)%	(6.8)%	
Comparable sales increase (decrease)	1.4%	(6.7)%	(1.9)%

Combined stores and direct-to-customer sales metrics for 2024 as compared with the corresponding prior-year period are presented below.

	Constant Currencies	Comparable Sales
Foot Locker	0.9%	3.5%
Champs Sports	(11.3)	(3.2)
Kids Foot Locker	1.5	3.4
WSS	3.1	(3.4)
North America	(1.4)	1.3
Foot Locker (1)	2.5	4.4
Sidestep	(100.0)	n.m.
EMEA	0.9	4.4
Foot Locker	(14.0)	(6.6)
atmos	(16.3)	(6.8)
Asia Pacific	(14.7)	(6.7)
Total	(1.9)%	1.4%

(1) Includes sales from 13 and 7 Kids Foot Locker stores operating in Europe as of February 3, 2024 and February 1, 2025, respectively.

Comparable sales increased by 1.4% as compared with the prior year. By operating segment, North America and EMEA had increases of 1.3% and 4.4%, respectively, while Asia Pacific was a decline in comparable sales of 6.7%. Comparable sales increased in both our stores and direct-to-customer channels in 2024, resulting from a positive customer response to product offerings, enhancements in stores and online, marketing activities, and strategic promotions. From a product perspective, comparable sales increased within the footwear and accessories categories driven by growth and momentum from a broad portfolio of our brand partners and the positive customer response to our refreshed assortments. These increases were partially offset by a decrease in the apparel category. For the combined channels, sales excluding foreign currency fluctuations declined in North America and Asia Pacific, partially offset by an increase in EMEA.

Our North America comparable sales were 1.4%, however total sales, excluding foreign currency fluctuations, were negatively affected by our strategic decision to close underperforming stores in our Foot Locker, Kids Foot Locker, and Champs Sports banners, as 89 fewer stores were operating at year end as compared with the prior year. Over the past two years, we repositioned the Champs Sports banner, which resulted in expected total sales and comparable sales declines due to the transition. As of the end of 2024, the repositioning is substantially complete as we rationalized the number of stores operating over the last two years by over 20%. Champs Sports sales declined by \$148 million on a constant currency basis as compared with the prior year. During the second quarter, we launched our new Champs Sports brand platform, garnering positive results and improved comparable sales trends. This new brand platform, "Sport For Life" is a celebration of the powerful connection between sports and everyday life serving the sports-style enthusiast. Champs Sports exited the year with sustained momentum with comparable sales growth of 2.8% and 1.8% in the third and fourth quarters, respectively. Our WSS banner benefited from new store growth, as they operated 10 additional stores since the prior year end, however comparable sales were negatively affected by general economic and geopolitical conditions that disproportionately affected our value-based consumers.

Constant currency sales for EMEA increased, reflecting improved product assortments coupled with a positive response to media campaigns in a continued highly promotional marketplace. This was partially offset by the loss of sales from the Sidestep banner, which closed in the second quarter of 2023 resulting in a decrease of \$26 million.

Asia Pacific's sales, excluding foreign currency fluctuations, decreased primarily as a result of the prior-year closures of our operations in Hong Kong and Macau and the sale of our Singapore and Malaysia operations to our licensing partner in the second quarter of 2023. These businesses represented a decline in sales of \$30 million. Additionally, sales decreased from our operations in Australia and New Zealand due to macroeconomic headwinds and a highly competitive marketplace. Sales from our atmos banner declined by \$40 million due to the weakening of the Japanese yen to the U.S. dollar, reducing sales by \$11 million. Excluding foreign currency fluctuations, atmos' sales declined by \$29 million and was primarily due to our decision to accelerate shifts to our own digital site and away from less profitable third-party digital platforms, in addition to the closing of our U.S. atmos operations at the end of the fourth quarter of 2023, which represented a decline in sales of \$13 million.

Licensing Revenue

We have license agreements with unaffiliated third-party operators located in the Middle East, Europe, and Asia. In 2024, licensing revenue increased to \$17 million from \$14 million of licensing revenue in 2023. The increase was driven by the net increase of 22 licensed stores as compared with the prior year.

Gross Margin

(\$ in millions)	2024	2023	2022
Cost of merchandise	\$ 4,674	\$ 4,866	\$ 4,920
\$ Change	(192)	(54)	
% of total sales	58.7%	59.7%	56.3%
Effect on gross margin rate in basis points	100	(340)	
Occupancy and buyers' compensation	\$ 992	\$ 1,029	\$ 1,035
\$ Change	(37)	(6)	
% of total sales	12.4%	12.6%	11.8%
Effect on gross margin rate in basis points	20	(80)	
Total cost of goods sold	\$ 5,666	\$ 5,895	\$ 5,955
\$ Change	(229)	(60)	
Gross margin rate	28.9%	27.7%	31.9%
Basis point change	120	(420)	

Gross margin is calculated as sales minus cost of sales. Cost of sales includes the cost of merchandise, freight, distribution costs including related depreciation expense, shipping and handling, occupancy and buyers' compensation. Occupancy costs include rent (including fixed common area maintenance charges and other fixed non-lease components), real estate taxes, general maintenance, and utilities.

The gross margin rate increased in 2024 by 120 basis points as compared to the prior year as we were less promotional in 2024 despite the highly promotional marketplace and the liquidation of inventories in the geographies that we are closing. The markdown pressure was partially offset by vendor allowances, which improved our gross margin rate by 20 basis points as compared with the prior year. Our focus on inventory management allowed us to compete competitively while achieving this improvement. During the second quarter, we launched our loyalty program, which converted existing points to a more valuable proposition for our customers and the cost of the program improvement pressured the gross margin rate by 10 basis points for the year. The leverage in the occupancy and buyers' compensation rate was primarily related to rent renegotiations and our ongoing optimization of our store portfolio.

Selling, General and Administrative Expenses (SG&A)

(\$ in millions)	2024	2023	2022
SG&A	\$ 1,920	\$ 1,852	\$ 1,903
\$ Change	\$ 68	\$ (51)	
% Change	3.7%	(2.7)%	
SG&A as a percentage of sales	24.1%	22.7%	21.8%

SG&A increased by \$68 million, or 3.7%, in 2024, as compared with the prior year. As a percentage of sales, the SG&A rate increased by 140 basis points as compared with 2023. Excluding the effect of foreign currency fluctuations, SG&A increased by \$75 million, or 4.0%, as compared with the prior year.

The increase in SG&A, as a percentage of sales, primarily reflected investments in technology and brand-building, as well as higher inflation and incentive compensation expense. These increases were partially offset by savings from the cost optimization program, store closures, and ongoing expense discipline.

Depreciation and Amortization

(\$ in millions)	2024		2023		2022	
Depreciation and amortization	\$	202	\$	199	\$	208
\$ Change	\$	3	\$	(9)		
% Change		1.5%		(4.3)%		

Depreciation and amortization increased by \$3 million as compared with the prior year. Excluding the effect of foreign currency fluctuations, depreciation and amortization increased by \$4 million primarily due to our capital expenditures, partially offset by operating fewer stores, the full amortization of our customer list intangibles, and lower depreciation and amortization associated with impairments recorded in the current and prior year.

Operating Results

Division profit was \$250 million, or 3.1% of sales in 2024. This compares with \$264 or 3.2% of sales, for the prior year. The decline in store sales coupled with higher SG&A expenses, despite our cost-cutting program benefits and improved gross margin rate, negatively affected division profit results. See Note 3, *Segment Information* for additional information.

Impairment and Other

For 2024, impairment and other included impairment charges of \$32 million from a review of underperforming stores and accelerated tenancy charges on right-of-use assets for the shutdown of operations in South Korea, Denmark, Norway, and Sweden, and the New York headquarters relocation. We will close all stores operating in South Korea, Denmark, Norway, and Sweden as we focus on improving the overall results of our international operations. Additionally, we incurred reorganization costs of \$26 million primarily related to the announced closure and relocation of our global headquarters and the shutdown of our operations in South Korea, Denmark, Norway, and Sweden. This year also included intangible asset impairment of \$25 million on an atmos tradename and a \$14 million loss accrual for legal and other matters. We routinely monitor claims and record provisions for losses when claims become probable and the amount is estimable.

For 2023, impairment and other charges included \$30 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges on right-of-use assets for closures of the Sidestep banner, certain Foot Locker Asia stores, and our U.S. atmos stores. Additionally, we incurred \$27 million of transformation consulting expense, \$17 million of reorganization costs primarily related to a severance and the closures of the Sidestep banner, certain Foot Locker Asia stores, and a North American distribution center. We also incurred intangible asset impairment of \$9 million on an atmos tradename, partially offset by a \$4 million reduction in the fair value of the atmos contingent consideration.

See Note 4, *Impairment and Other* for additional information.

Corporate Expense

(\$ in millions)	2024		2023		2022	
Corporate expense	\$	50	\$	42	\$	151
\$ Change	\$	8	\$	(109)		

Corporate expense consists of unallocated general and administrative expenses as well as depreciation and amortization related to our corporate headquarters, centrally managed departments, unallocated insurance and benefit programs, certain foreign exchange transaction gains and losses, and other items. The allocation of corporate expense to the operating divisions is adjusted annually based upon an internal study.

Depreciation and amortization included in corporate expense was \$35 million and \$36 million in 2024 and 2023, respectively. Excluding the changes in depreciation and amortization, corporate expense increased primarily due to higher performance-based incentive compensation expense.

Interest Expense, net

(\$ in millions)	2024		2023		2022	
Interest expense	\$	(24)	\$	(24)	\$	(24)
Interest income		16		15		9
Interest expense, net	\$	(8)	\$	(9)	\$	(15)
Weighted-average interest rate (excluding fees)		4.2%		3.9%		3.8%

We recorded net interest expense of \$8 million in 2024, compared to \$9 million in 2023. Interest income increased primarily due to higher interest rates earned on our cash and cash equivalents.

Other (Expense) Income, net

(\$ in millions)	2024		2023		2022	
Other (expense) income, net	\$	(44)	\$	(556)	\$	(42)

This caption generally includes non-operating items, of which the following items are excluded to arrive at our non-GAAP results, impairment charges and changes in fair value of minority investments measured at fair value or using the fair value measurement alternative, gains on sales of businesses or assets, and the pension settlement charge. Additionally included in this caption are the changes in the market value of our available-for-sale security and net benefit expense related to our pension and postretirement programs excluding the service cost component.

During 2024, we recorded a \$35 million non-cash impairment charge related to a minority investment that is accounted for using the fair value measurement alternative, which is cost, adjusted for changes in observable prices minus impairment under the practicability exception. We assess the carrying value of this investment for impairment whenever events or circumstances indicate that the carrying value may not be recoverable and consider factors including, but not limited to, expected cash flows, underperformance relative to its plans and continued losses of the investee. We estimated the fair value using a discounted cash flow approach, which considered forecasted cash flows provided by the investee's management, as well as assumptions over discount rates and terminal values. Other expense also included our share of losses related to our equity method investments of \$2 million and expense of \$7 million related to our pension and postretirement programs.

During 2023, we recorded an impairment of \$478 million on a minority investment. In addition, as part of efforts to reduce our pension plan obligations, we transferred approximately \$109 million of our U.S. Qualified pension plan registered assets and liabilities to an insurance company through the purchase of a group annuity contract, under which an insurance company is required to directly pay and administer pension payments to certain of our pension plan participants, or their designated beneficiaries. In connection with this transaction, we recorded a non-cash pretax settlement charge of \$75 million, which accelerated the recognition of previously unrecognized losses. Additionally, 2023 also included a \$3 million gain from the sale of a North American corporate office property, a \$3 million gain from the sale of our Singapore and Malaysian Foot Locker businesses to a license partner, and our share of losses related to equity method investments of \$1 million. Additionally, we recorded expense of \$8 million related to our pension and postretirement programs.

See Note 5, *Other (Expense) Income, net* for additional information.

Income Taxes

(\$ in millions)	2024		2023		2022	
Income tax (benefit) expense	\$	33	\$	(93)	\$	180
Effective tax rate		64.6%		22.0%		34.3%

We recorded income tax expense of \$33 million in 2024, or an effective rate of 64.6%, as compared with an income tax benefit of \$93 million or 22.0% in 2023. The change in the effective tax rate reflected several factors, including the effects of non-deductible losses, other valuation allowance and reserve adjustments, coupled with changes to the level and geographic mix of income. During the current year, related to the impairment of a minority investments, we increased our valuation allowances related to capital losses as we do not believe we will generate capital gains to utilize these losses. In addition, the effective tax rate in 2023 included a 200-basis point deferred tax asset adjustment which negatively affected the tax rate.

We regularly assess the adequacy of provisions for income tax contingencies in accordance with the applicable authoritative guidance on accounting for income taxes. As a result, reserves for unrecognized tax benefits may be adjusted due to new facts and developments, such as changes to interpretations of relevant tax law, assessments and settlements with taxing authorities, and lapses of statutes of limitations. During 2024, we recognized tax benefits of \$5 million from reserve releases due to various statute of limitations expirations on our foreign income taxes. We recorded a \$4 million reserve release in 2023 from a statute of limitations expiration on our foreign income taxes, as well as other various reserve releases totaling \$4 million due to settlements of international tax examinations.

The Organization for Economic Co-operation and Development ("OECD") Pillar II guidelines published to date include transitional safe harbor rules around the implementation of the Pillar II global minimum tax of 15%. Certain jurisdictions where we operate have implemented select provisions of the OECD directive effective in 2024. Based on current enacted legislation, the implementation did not significantly increase our tax expense in 2024. We are monitoring developments and expect additional guidance or legislation to be issued by the OECD and various jurisdictions during 2025, which could affect any minimum tax we owe in future periods.

Liquidity and Capital Resources

Liquidity

Our primary source of liquidity has been cash flow from operations, while the principal uses of cash have been to pay down liabilities and other working capital requirements; finance capital expenditures related to store openings, store remodelings, internet and mobile sites, information systems, and other support facilities; quarterly dividend payments; and interest payments; and fund other cash requirements to support the development of our short-term and long-term operating strategies. We generally finance real estate with operating leases. We believe our cash, cash equivalents, future cash flow from operations, and amounts available under our credit agreement will be adequate to fund these requirements.

We may also repurchase our common stock through open market purchases, privately negotiated transactions, or otherwise, including through Rule 10b5-1 trading plans. Such repurchases if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material. In 2022, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$1.2 billion of its common stock. The share repurchase program does not have an expiration date and as of February 1, 2025, approximately \$1.1 billion remained available. The Board's authorization of the share repurchase program does not obligate us to acquire any particular amount of common stock, and the repurchase program may be commenced, suspended, or discontinued at any time.

Any material adverse change in customer demand, fashion trends, competitive market forces, or customer acceptance of our merchandise mix and retail locations, uncertainties related to the effect of competitive products and pricing, our reliance on a few key suppliers for a significant portion of our merchandise purchases and risks associated with global product sourcing, economic conditions worldwide, the effects of currency fluctuations, as well as other factors listed under the heading "Disclosure Regarding Forward-Looking Statements," could affect our ability to continue to fund our liquidity needs from business operations.

The Board of Directors regularly reviews the dividend policy and rate, taking into consideration the overall financial and strategic outlook of our earnings, liquidity, and cash flow.

Maintaining access to merchandise that we consider appropriate for our business may be subject to the policies and practices of our key suppliers. Therefore, we believe that it is critical to continue to maintain satisfactory relationships with these key suppliers. We purchased 85% and 84% of our merchandise from our top five suppliers in 2024 and 2023, respectively. Approximately 59% and 65% was purchased from one supplier, Nike, Inc., in 2024 and 2023, respectively.

Planned capital expenditures in 2025 are \$270 million, of which \$185 million is dedicated to real estate projects designed to elevate our customers' in-store experience. This includes the planned opening of 80 "Reimagined" Foot Locker and Kids Foot Locker stores, primarily through conversions or relocations of existing stores. Spending for 2025 also includes refreshing approximately 300 existing stores to our current brand design standards and will incorporate key elements of our "Reimagined" design specifications. Finally, the capital plan for 2025 also includes \$85 million primarily for our technology and supply chain initiatives, including capital expenditures related to a new distribution center and our new global headquarters. We also expect to spend an additional \$30 million in software-as-a-service implementation costs related to our technology initiatives as we modernize our customer facing and support capabilities as part of a multi-year project. We have the ability to revise and reschedule some of the anticipated spending program should our financial position require it.

Operating Activities

(\$ in millions)	2024		2023		2022	
Net cash provided by operating activities	\$	345	\$	91	\$	173
\$ Change	\$	254				

The amount provided by operating activities reflects net income (loss) adjusted for non-cash items and working capital changes. Adjustments to net income for non-cash items include impairment and other, pension settlement charge, fair value adjustments to our minority investments, depreciation and amortization, deferred income taxes, and share-based compensation expense. The increase in cash from operating activities was primarily due to changes in other accruals reflecting lower payments for incentive compensation and income taxes, as well as changes in prepaid occupancy expense related to the timing of rent payments as compared to the prior year due to the shift caused by the 53rd week in 2023. The increases in operating cash were partially offset by a decrease in our net income, adjusted for non-cash items, partially related to the 53rd week of operations in 2023.

Investing Activities

(\$ in millions)	2024		2023		2022	
Net cash used in investing activities	\$	(240)	\$	(222)	\$	(162)
\$ Change	\$	(18)				

We have made meaningful progress as we continue to implement our strategic initiative to power-up our portfolio of stores. Capital expenditures were \$240 million, as compared with \$242 million last year. During 2024, we completed the remodeling or relocation of 478 existing stores, including the refresh of 407 stores to our updated brand design standards and opened 26 new stores, 7 of which were our Reimagined store concept that aims to deliver an elevated shopping experience and unrivaled customer service. At year end, 44% of our Foot Locker, Kids Foot Locker, and Champs Sports gross store square footage was at current brand standard. We also made progress on the development of information systems, websites, and infrastructure, including supply chain initiatives.

During 2023, we sold our businesses operating in Singapore and Malaysia for total cash consideration of \$24 million, or \$16 million net of \$8 million of cash in the business. We also sold a corporate office property in North America for proceeds of \$6 million.

Financing Activities

(\$ in millions)	2024		2023		2022	
Net cash used in financing activities	\$	(7)	\$	(120)	\$	(279)
\$ Change	\$	113				

The change in financing activities primarily resulted from not paying dividends in 2024, as compared with \$113 million paid in 2023. Also contributing to the decline in cash used in financing activities was a \$5 million reduction in repurchases of common stock related to share-based tax withholdings, partially offset by \$4 million in debt issuance costs related to our credit facility amendment. During the second quarter of 2024, we amended our \$600 million revolving credit facility, which provided for (i) an uncommitted "accordion" feature that allows us, subject to certain customary conditions, to increase the size of the revolving credit facility to up to \$750 million in the aggregate, (ii) an extension of the maturity date from July 14, 2025 to June 20, 2029, and (iii) a change to the interest rates and commitment fees applicable to the loans and commitments, among other items.

Free Cash Flow (non-GAAP measure)

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of our financial strength and our ability to generate cash. We define free cash flow as net cash provided by operating activities less capital expenditures (which is classified as an investing activity). We believe the presentation of free cash flow is relevant and useful for investors because it allows investors to evaluate the cash generated from underlying operations in a manner similar to the method used by management. Free cash flow is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures.

The following table presents a reconciliation of net cash flow provided by operating activities, the most directly comparable U.S. GAAP financial measure, to free cash flow.

(\$ in millions)	2024		2023		2022	
Net cash provided by operating activities	\$	345	\$	91	\$	173
Capital expenditures		(240)		(242)		(285)
Free cash flow	\$	105	\$	(151)	\$	(112)

Capital Structure

We maintain a credit facility for working capital and general corporate purposes. We currently have a \$600 million asset-based revolving credit facility that is scheduled to expire on June 20, 2029. No borrowings were outstanding as of February 1, 2025. The amount of borrowing availability under our credit facility is reduced by the amount of standby and commercial letters of credit outstanding, which were \$7 million as of February 1, 2025.

Credit Rating

As of March 27, 2025, our corporate credit ratings from Standard & Poor's and Moody's Investors Service are BB and Ba3, respectively. In addition, Standard & Poor's and Moody's Investors Service have rated our senior unsecured notes BB and B1, respectively.

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity. Also, our financial policies prohibit the use of derivatives for which there is no underlying exposure.

Critical Accounting Policies

Our responsibility for integrity and objectivity in the preparation and presentation of the financial statements requires application of appropriate accounting policies. Generally, our accounting policies and methods are those specifically required by U.S. GAAP. Included in the *Summary of Significant Accounting Policies* note in "Item 8. Consolidated Financial Statements and Supplementary Data" is a summary of the most significant accounting policies. In some cases, we are required to calculate amounts based on estimates for matters that are inherently uncertain. We believe the following to be the most critical of those accounting policies that necessitate subjective judgments.

Impairment of Long-Lived Tangible Assets and Right-of-Use Assets

We perform an impairment review when circumstances indicate that the carrying value of long-lived tangible assets and right-of-use assets may not be recoverable ("a triggering event"). Our policy for determining whether a triggering event exists comprises the evaluation of measurable operating performance criteria and qualitative measures at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities, which is generally at the store level. We also evaluate for triggering events at the banner level. If an impairment review is necessitated by the identification of a triggering event, we determine the fair value of the asset using assumptions predominately identified from our historical performance and our long-range strategic plans.

To determine if an impairment exists, we compare the carrying amount of the asset with the estimated future undiscounted cash flows expected to result from the use of the asset group. If the carrying amount of the asset exceeds the estimated undiscounted future cash flows, we measure the amount of the impairment by comparing the carrying amount of the asset group with its estimated fair value.

The estimation of fair value is measured by discounting expected future cash flows using a risk adjusted discount rate and by using a market approach to determine current lease rates. Future expected cash flows are based upon estimates that, if not achieved, may result in significantly different results.

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

We review goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter of each fiscal year or more frequently if impairment indicators arise. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. The review of impairment consists of either using a qualitative approach to determine whether it is more likely than not that the fair value of the assets is less than their respective carrying values or a one-step qualitative impairment test. In 2024, we performed a quantitative approach to valuing goodwill and indefinite-lived intangibles assets.

When we perform the qualitative assessment, we consider many factors in evaluating whether the carrying value of goodwill may not be recoverable, including declines in our stock price and market capitalization in relation to the book value of the Company and macroeconomic conditions affecting retail. If, based on the results of the qualitative assessment, it is concluded that it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed. The quantitative test requires that the carrying value of each reporting unit be compared with its estimated fair value. If the carrying value of a reporting unit is greater than its fair value, a goodwill impairment charge will be recorded for the difference (up to the carrying value of goodwill).

We use a discounted cash flow approach to determine the fair value of a reporting unit. The determination of discounted cash flows of the reporting units and assets and liabilities within the reporting units requires significant estimates and assumptions. These estimates and assumptions are consistent with our internal forecasts and operating plans and primarily include, but are not limited to, the discount rate, terminal growth rates, earnings before depreciation and amortization, and capital expenditures forecasts. Additionally, we compare the indicated equity value to our market capitalization and evaluate the resulting implied control premium to determine if the estimated enterprise value is reasonable compared to external market indicators. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. We evaluate the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of the reporting units, as well as the fair values of the corresponding assets and liabilities within the reporting units.

We have three reporting units, representing our operating segments of North America, EMEA, and Asia Pacific. Our 2024 quantitative analysis determined that the fair value of each reporting unit exceeded its carrying value. However, the EMEA and Asia Pacific reporting units had fair values that were not substantially in excess of their carrying values. The total amount of goodwill attributable to these reporting units was \$238 million and the fair value was 6.0% higher than the carrying value. The fair value of our North America reporting unit's goodwill was substantially greater than its carrying value.

It is possible, depending upon a number of factors that are not determinable at this time or within our control, that the fair value of these two reporting units could decrease in the future and result in an impairment to goodwill. Specifically, actual results may vary from our forecasts and such variations may be material and unfavorable. Additionally, further deterioration or sustained declines in our market capitalization may trigger the need for future impairment tests where the conclusions may differ and could result in the recognition of an impairment charge.

Owned trademarks and trade names that have been determined to have indefinite lives are not subject to amortization but are reviewed at least annually for potential impairment. Our impairment evaluation for indefinite-lived intangible assets consists of either a qualitative or quantitative assessment, similar to the process for goodwill.

If the results of the qualitative assessment indicate that it is more likely than not that the fair value of the indefinite lived intangible is less than its carrying amount, or if we elect to proceed directly to a quantitative assessment, we calculate the fair value using a discounted cash flow method, based on the relief-from-royalty concept, and compare the fair value to the carrying value to determine if the asset is impaired. This methodology assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to exploit the related benefits of these types of assets. This approach is dependent on a number of factors, including estimates of future growth and trends, royalty rates in the category of intellectual property, discount rates, and other variables. We base our fair value estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. We recognize an impairment loss when the estimated fair value of the intangible asset is less than the carrying value. Following the \$25 million impairment recorded related to our atmos tradename during the year ended February 1, 2025, there is no excess of fair value over the carrying value. Therefore, any further decrease in estimated fair value will result in an additional impairment charge. Additionally, our WSS tradename, which has a carrying value of \$296 million, has an excess of fair value over the carrying value of 7.8%. If future results for atmos or WSS deteriorate at rates in excess of our current projections, we may be required to record additional non-cash impairment charges to these intangible assets.

Fair Value Measurements of Minority Investments

We account for certain minority investments using the fair value measurement alternative, which is at cost, adjusted for changes in observable prices minus impairment under the practicability exception. We evaluate our minority investments for impairment when events or circumstances indicate that the carrying value of the investment may not be recoverable and that impairment is other than temporary. If an indication of impairment occurs, we evaluate the recoverability of our carrying value based on the fair value of the investment. If an impairment is indicated, we adjust the carrying values of the investment downward, if necessary, to their estimated fair values.

We estimate the fair value of our minority investments using a discounted cash flow approach and/or a market approach, which consider forecasted cash flows provided by the investee's management, as well as assumptions over discount rates, terminal values, and selected comparable companies. Therefore, the valuation results cannot be determined with precision and may not be realized in an actual sale the investment. Additionally, there are inherent uncertainties in any valuation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values.

Deferred Tax Asset Valuation Allowance

We record income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. We must assess the likelihood that our deferred tax assets will be recoverable based on expected future taxable income. To the extent that we determine it is more-likely-than-not (greater than a 50% probability) that some portion or all of the deferred tax assets will not be realized, we must establish a valuation allowance.

At February 1, 2025, we had valuation allowances of \$112 million to reduce our \$927 million of deferred tax assets to amounts that are more likely than not to be realized. The net deferred tax assets of \$815 million include \$85 million net operating loss ("NOL") carryforwards and \$13 million deferred interest deductions in the Netherlands that can be used to offset taxable income in future periods. These NOLs and deferred interest deductions have an indefinite carryforward period. After weighing the positive and negative evidence and considering both recent losses and forecasted taxable income as well as other tax planning actions, we consider it more likely than not that we will have sufficient taxable income in the future that will allow us to realize these deferred tax assets. However, it is possible that some or all of these deferred tax assets could ultimately not be realized, especially if our business initiatives are not successful or our forecasted taxable income is not generated. Specifically, unless we are able to generate sufficient future taxable income in the Netherlands, a substantial valuation allowance to reduce our \$98 million deferred tax assets may be required.

We will continue to assess the need for a valuation allowance on the deferred tax assets by evaluating both positive and negative evidence that may exist. The estimation of future taxable income in these jurisdictions and our resulting ability to utilize deferred tax assets can significantly change based on future events. Thus, recorded valuation allowances may be subject to material future changes. We will continue to monitor facts and circumstances in our reassessment of the likelihood that operating loss carryforwards and other deferred tax attributes will be utilized.

Recent Accounting Pronouncements

Descriptions of the recently issued and adopted accounting principles are included in the *Summary of Significant Accounting Policies* note in "Item 8. Consolidated Financial Statements and Supplementary Data."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information regarding foreign exchange risk management is included in Note 19, *Financial Instruments and Risk Management* under "Item 8. Consolidated Financial Statements and Supplementary Data."

Item 8. Consolidated Financial Statements and Supplementary Data

The following Consolidated Financial Statements of the Company are included as part of this Report:

- Consolidated Statements of Operations
- Consolidated Statements of Comprehensive (Loss) Income
- Consolidated Balance Sheets
- Consolidated Statements of Changes in Shareholders' Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Foot Locker, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Foot Locker, Inc. and subsidiaries (the Company) as of February 1, 2025 and February 3, 2024, the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended February 1, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2025 and February 3, 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended February 1, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 1, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 27, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sufficiency of audit evidence over merchandise inventories

As discussed in Note 1 to the consolidated financial statements, merchandise inventories are valued at the lower of cost or market using the retail inventory method, except for WSS and atmos. Cost is determined on the last-in, first-out (LIFO) basis for domestic inventories and on the first-in, first-out (FIFO) basis for international inventories. Under the retail inventory method, cost is determined by applying a cost-to-retail percentage across groupings of similar items, known as departments. The cost-to-retail percentage is applied to ending inventory at its current owned retail valuation to determine the cost of ending inventory on a department basis. The recognition of inventory is reliant upon multiple information technology (IT) systems. The Company's merchandise inventories were \$1,525 million as of February 1, 2025.

We identified the sufficiency of audit evidence over merchandise inventories as a critical audit matter. Evaluating the sufficiency of audit evidence required subjective auditor judgment due to the highly automated nature of certain processes to record merchandise inventories that involves interfacing significant volumes of data across multiple IT systems. IT professionals with specialized skills and knowledge were required to assess the Company's IT systems used in the merchandise inventories process.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the recording of merchandise inventory, including the IT systems. We evaluated the design and tested the operating effectiveness of certain internal controls related to the recording of merchandise inventories. We tested IT dependent controls and involved IT professionals with specialized skills and knowledge who assisted in testing certain IT application and general IT controls used for calculating merchandise inventories. We selected a sample of transactions used in the calculation of merchandise inventories and compared inventory prices to vendor invoices and cash payments, and observed counts of inventories. For each sample, we also compared the inventory retail prices to inventory records. We assessed the sufficiency of audit evidence obtained over merchandise inventories by assessing the results of procedures performed, including the appropriateness of such evidence.

Fair value assessment of the EMEA and Asia Pacific reporting units

As discussed in Note 1 to the consolidated financial statements, the total amount of goodwill attributable to the EMEA (Europe, Middle East, and Africa) and Asia Pacific reporting units was \$238 million as of February 1, 2025. Goodwill is tested for impairment annually during the fourth quarter of each fiscal year or more frequently if impairment indicators arise. The fair value of the EMEA and Asia Pacific reporting units were determined using a discounted cash flow approach. The fair values of the EMEA and Asia Pacific reporting units were not substantially in excess of their carrying values.

We identified the evaluation of the fair value of the EMEA and Asia Pacific reporting units as a critical audit matter. Subjective auditor judgment was required to evaluate the discount rates used to estimate the fair value of the EMEA and Asia Pacific reporting units. Minor changes in the discount rates could have had a significant impact on the fair values. Additionally, the evaluation of the discount rates required the involvement of professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's goodwill impairment processes. This included a control related to the discount rates. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rates used by management by comparing them to a range of independently developed discount rates using publicly available market data for comparable companies.

/s/ KPMG LLP

We have served as the Company's auditor since 1995.

New York, New York
March 27, 2025


CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in millions, except per share amounts)	2024	2023	2022
Sales	\$ 7,971	\$ 8,154	\$ 8,747
Licensing revenue	17	14	12
Total revenue	7,988	8,168	8,759
Cost of sales	5,666	5,895	5,955
Selling, general and administrative expenses	1,920	1,852	1,903
Depreciation and amortization	202	199	208
Impairment and other	97	80	112
Income from operations	103	142	581
Interest expense, net	(8)	(9)	(15)
Other (expense) income, net	(44)	(556)	(42)
Income (loss) from continuing operations before income taxes	51	(423)	524
Income tax expense (benefit)	33	(93)	180
Net income (loss) from continuing operations	18	(330)	344
Net loss from discontinued operations, net of tax	(6)	—	(3)
Net income (loss)	12	(330)	341
Net loss attributable to noncontrolling interests	—	—	1
Net income (loss) attributable to Foot Locker, Inc.	\$ 12	\$ (330)	\$ 342

Basic earnings (loss) per share

Earnings (loss) per share from continuing operations attributable to Foot Locker, Inc.	\$ 0.19	\$ (3.51)	\$ 3.66
Loss per share from discontinued operations, net of tax	\$ (0.06)	\$ —	\$ (0.04)
Net earnings (loss) per share attributable to Foot Locker, Inc.	\$ 0.13	\$ (3.51)	\$ 3.62
Weighted-average shares outstanding	95.0	94.2	94.3

Diluted earnings (loss) per share

Earnings (loss) per share from continuing operations attributable to Foot Locker, Inc.	\$ 0.19	\$ (3.51)	\$ 3.62
Net loss per share from discontinued operations, net of tax	\$ (0.06)	\$ —	\$ (0.04)
Net earnings (loss) per share attributable to Foot Locker, Inc.	\$ 0.13	\$ (3.51)	\$ 3.58
Weighted-average shares outstanding, assuming dilution	95.5	94.2	95.5

See Accompanying Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

(\$ in millions)	2024	2023	2022
Net income (loss) attributable to Foot Locker, Inc.	\$ 12	\$ (330)	\$ 342
Other comprehensive income (loss), net of income tax			
Foreign currency translation adjustment:			
Translation adjustment arising during the period, net of income tax benefit of \$-, \$ (1), and \$-, respectively	(35)	(25)	(41)
Hedge contracts:			
Change in fair value of derivatives, net of income tax benefit of \$-, \$- and \$-, respectively	2	1	(3)
Pension and postretirement adjustments:			
Net actuarial gain (loss) and foreign currency fluctuations arising during the year, net of income tax expense (benefit) of \$3, \$ (5) and \$ (4), respectively	11	(13)	(12)
Amortization of net actuarial loss included in net periodic benefit costs, net of income tax expense of \$2, \$3 and \$3, respectively	5	7	7
Recognition of net actuarial loss on settlement included in net benefit costs, net of income tax expense of \$-, \$19 and \$-, respectively	—	56	—
Comprehensive (loss) income	\$ (5)	\$ (304)	\$ 293

See Accompanying Notes to Consolidated Financial Statements.


CONSOLIDATED BALANCE SHEETS

(\$ in millions, except share amounts)	February 1, 2025	February 3, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 401	\$ 297
Merchandise inventories	1,525	1,509
Assets held for sale	10	—
Other current assets	323	419
	2,259	2,225
Property and equipment, net	910	930
Operating lease right-of-use assets	2,061	2,188
Deferred taxes	143	114
Goodwill	759	768
Other intangible assets, net	365	399
Minority investments	115	152
Other assets	136	92
	\$ 6,748	\$ 6,868
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 378	\$ 366
Accrued and other liabilities	434	428
Current portion of debt and obligations under finance leases	5	5
Current portion of lease obligations	507	492
Liabilities held for sale	6	—
	1,330	1,291
Long-term debt and obligations under finance leases	441	442
Long-term lease obligations	1,831	2,004
Other liabilities	237	241
Total liabilities	3,839	3,978
Shareholders' equity:		
Common stock and paid-in capital: 95,094,263 and 94,283,984 shares issued, respectively	802	776
Retained earnings	2,494	2,482
Accumulated other comprehensive loss	(383)	(366)
Less: Treasury stock at cost: 148,137 and 60,308 shares, respectively	(4)	(2)
Total shareholders' equity	2,909	2,890
	\$ 6,748	\$ 6,868

See Accompanying Notes to Consolidated Financial Statements.


CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(shares in thousands, amounts in millions)	Additional Paid-In Capital & Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Non- Controlling interest	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at January 29, 2022	99,071	\$ 770	(2,050)	\$ (88)	\$ 2,900	\$ (343)	\$ 4	\$ 3,243
Restricted stock issued	117	—	—	—	—	—	—	—
Issued under director and stock plans	228	7	—	—	—	—	—	7
Share-based compensation expense	—	31	—	—	—	—	—	31
Shares of common stock used to satisfy tax withholding obligations	—	—	(40)	(1)	—	—	—	(1)
Share repurchases	—	—	(4,050)	(129)	—	—	—	(129)
Reissued - Employee Stock Purchase Plan ("ESPP")	—	(2)	120	5	—	—	—	3
Retirement of treasury stock	(6,019)	(46)	6,019	213	(167)	—	—	—
Termination of joint venture	—	—	—	—	—	—	(3)	(3)
Net income (loss)	—	—	—	—	342	—	(1)	341
Cash dividends on common stock (\$1.60 per share)	—	—	—	—	(150)	—	—	(150)
Translation adjustment, net of tax	—	—	—	—	—	(41)	—	(41)
Change in hedges, net of tax	—	—	—	—	—	(3)	—	(3)
Pension and postretirement adjustments, net of tax	—	—	—	—	—	(5)	—	(5)
Balance at January 28, 2023	93,397	\$ 760	(1)	\$ —	\$ 2,925	\$ (392)	\$ —	\$ 3,293
Restricted stock issued	678	—	—	—	—	—	—	—
Issued under director and stock plans	209	6	—	—	—	—	—	6
Share-based compensation expense	—	13	—	—	—	—	—	13
Shares of common stock used to satisfy tax withholding obligations	—	—	(274)	(10)	—	—	—	(10)
Reissued - ESPP	—	(3)	215	8	—	—	—	5
Net loss	—	—	—	—	(330)	—	—	(330)
Cash dividends on common stock (\$1.20 per share)	—	—	—	—	(113)	—	—	(113)
Translation adjustment, net of tax	—	—	—	—	—	(25)	—	(25)
Change in hedges, net of tax	—	—	—	—	—	1	—	1
Pension and postretirement adjustments, net of tax	—	—	—	—	—	50	—	50
Balance at February 3, 2024	94,284	\$ 776	(60)	\$ (2)	\$ 2,482	\$ (366)	\$ —	\$ 2,890
Restricted stock issued	528	—	—	—	—	—	—	—
Issued under director and stock plans	282	6	—	—	—	—	—	6
Share-based compensation expense	—	21	—	—	—	—	—	21
Shares of common stock used to satisfy tax withholding obligations	—	—	(205)	(5)	—	—	—	(5)
Reissued - ESPP	—	(1)	117	3	—	—	—	2
Net income	—	—	—	—	12	—	—	12
Translation adjustment, net of tax	—	—	—	—	—	(35)	—	(35)
Change in hedges, net of tax	—	—	—	—	—	2	—	2
Pension and postretirement adjustments, net of tax	—	—	—	—	—	16	—	16
Balance at February 1, 2025	95,094	\$ 802	(148)	\$ (4)	\$ 2,494	\$ (383)	\$ —	\$ 2,909

See Accompanying Notes to Consolidated Financial Statements.


CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	2024	2023	2022
From operating activities:			
Net income (loss)	\$ 12	\$ (330)	\$ 341
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	202	199	208
Non-cash impairment and other	57	40	67
Impairment and fair value adjustment in minority investments	35	478	61
Share-based compensation expense	21	13	31
Deferred income taxes	(28)	(136)	21
Pension settlement charge	—	75	—
Fair value change in contingent consideration	—	(4)	(31)
Gain on sales of businesses	—	(3)	(19)
Gain on sale of property	—	(3)	—
Change in assets and liabilities:			
Merchandise inventories	(40)	120	(397)
Accounts payable	18	(122)	(101)
Accrued and other liabilities	11	(109)	(1)
Other, net	57	(127)	(7)
Net cash provided by operating activities	345	91	173
From investing activities:			
Capital expenditures	(240)	(242)	(285)
Minority investments	(1)	(2)	(5)
Proceeds from minority investments	1	—	95
Purchase of business, net of cash acquired	—	—	(14)
Proceeds from sales of businesses	—	16	47
Proceeds from sale of property	—	6	—
Net cash used in investing activities	(240)	(222)	(162)
From financing activities:			
Payment of long-term debt and obligations under finance leases	(6)	(6)	(6)
Shares of common stock repurchased to satisfy tax withholding obligations	(5)	(10)	(1)
Payment of debt issuance costs	(4)	—	—
Proceeds from exercise of stock options	5	5	6
Treasury stock reissued under employee stock plan	3	4	3
Repayment of the revolving credit facility	—	(146)	—
Dividends paid on common stock	—	(113)	(150)
Proceeds from the revolving credit facility	—	146	—
Purchase of treasury shares	—	—	(129)
Purchase of non-controlling interest	—	—	(2)
Net cash used in financing activities	(7)	(120)	(279)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	(2)	3	—
Net change in cash, cash equivalents, and restricted cash	96	(248)	(268)
Cash, cash equivalents, and restricted cash at beginning of year	334	582	850
Cash, cash equivalents, and restricted cash at end of period	\$ 430	\$ 334	\$ 582
Supplemental information:			
Interest paid	\$ 22	\$ 18	\$ 17
Income taxes paid	76	97	153
Cash paid for amounts included in measurement of operating lease liabilities	723	681	704
Cash paid for amounts included in measurement of finance lease liabilities	8	8	9
Right-of-use assets obtained in exchange for operating lease obligations	484	295	458
Assets obtained in exchange for finance lease obligations	4	1	—

See Accompanying Notes to Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Foot Locker, Inc. and its domestic and international subsidiaries, as well as any entities in which we have a controlling voting interest that are required to be consolidated. All significant intercompany amounts have been eliminated. As used in these Notes to Consolidated Financial Statements the terms "Foot Locker," "Company," "we," "our," and "us" refer to Foot Locker, Inc. and its consolidated subsidiaries.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Reporting Year

Our fiscal year is a 52-week or 53-week period ending the Saturday closest to the last day in January. Fiscal year 2024 represented the 52 weeks ended February 1, 2025, while fiscal year 2023 represented the 53 weeks ended February 3, 2024. Fiscal year 2022 represented the 52 weeks ended January 28, 2023. References to years in this annual report relate to fiscal years rather than calendar years.

Revenue Recognition

Store revenue is recognized at the point of sale and includes merchandise, net of returns, and excludes taxes. We recognize revenue for merchandise that is shipped to our customers from our distribution centers and stores upon shipment as the customer has control of the product upon shipment. We account for shipping and handling as a fulfillment activity. We accrue the cost and recognize revenue for these activities upon shipment date, therefore total sales recognized includes shipping and handling income. We have license agreements with unaffiliated third-party operators located in the Middle East, Europe, and Asia. The agreements are largely structured with royalty income paid as a percentage of sales for the use of our trademarks, trade name and branding. We record licensing revenue based upon sales estimates for the current period from the third-party operators.

Gift Cards

We sell gift cards which do not have expiration dates. Revenue from gift card sales is recorded when the gift cards are redeemed by customers. Gift card breakage is recognized as revenue in proportion to the pattern of rights exercised by the customer, unless there is a legal obligation to remit the value of unredeemed gift cards to the relevant jurisdictions.

Loyalty Program

We offer a customer loyalty program, which allows members to earn points on purchases and other forms of engagement. In 2024, we enhanced our FLX Reward Program across North America, with plans to expand to other geographies. The FLX Rewards program introduced FLX Cash, enabling customers to use points towards a discount on purchases, and other member-exclusive benefits, including priority access to highly anticipated sneaker launches, exclusive sales, member-only events, free returns, upgraded birthday gifts, and continued complimentary shipping for members. The loyalty program represents a material right to the customer. We defer revenue related to points earned that have not yet been redeemed. The amount of deferred revenue includes estimates for the standalone selling price of points earned and the percentage of points expected to be redeemed. The expected redemption percentage is based on historical redemption patterns and considers current information or trends. The standalone selling price of points earned and the estimated redemption rate are evaluated each reporting period. When a customer redeems points or the points expire, we recognize revenue in sales in our consolidated statements of operations.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)*Advertising Costs and Sales Promotion*

Advertising and sales promotion costs are expensed at the time the advertising or promotion takes place, net of reimbursements for cooperative advertising.

Cooperative advertising reimbursements earned for the launch and promotion of certain products agreed upon with vendors are recorded in the same period as the associated expenses are incurred. Reimbursements received in excess of expenses incurred related to specific, incremental, and identifiable advertising costs are accounted for as a reduction to the cost of merchandise and are reflected in cost of sales when the merchandise is sold. Digital advertising costs are expensed as incurred, net of reimbursements for cooperative advertising.

Digital advertising includes social media, search engine marketing, such as display ads and keyword search terms, and various other forms of digital advertising.

Advertising costs, including digital advertising, which are included as a component of SG&A, were as follows:

(\$ in millions)	2024		2023		2022	
Advertising expenses	\$	248	\$	216	\$	222
Cooperative advertising reimbursements		(50)		(35)		(37)
Net advertising expense	\$	198	\$	181	\$	185

Share-Based Compensation

We recognize compensation expense for share-based awards based on the grant date fair value of those awards. Effective 2024, we no longer issue stock option grants. Grants in prior years were valued using the Black-Scholes option-pricing model to determine the fair value of stock options. Share-based compensation expense is recognized on a straight-line basis over the requisite service period of the award. We recognize forfeitures as they occur.

Upon exercise of stock options, issuance of restricted stock or units, or issuance of shares under the employee stock purchase plan, we will issue authorized but unissued common stock or use common stock held in treasury.

Generally awards of restricted stock units fully vest after the passage of time, typically three years for employees and one year for nonemployee directors. Performance stock unit ("PSU") awards granted in 2024 are earned only after the attainment of performance goals in connection with the relevant performance period. PSU awards also include a performance objective based on our relative total shareholder return over the performance period to a pre-determined peer group, assuming the reinvestment of dividends. The fair value of these awards is determined using a Monte Carlo simulation as of the date of the grant.

Earnings Per Share

We account for earnings per share ("EPS") using the treasury stock method. Basic EPS is computed by dividing net income for the period by the weighted-average number of common shares outstanding at the end of the period. Diluted EPS reflects the weighted-average number of common shares outstanding during the period used in the basic EPS computation plus dilutive common stock equivalents.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The computation of basic and diluted EPS is as follows:

(in millions, except per share data)	2024	2023	2022
Net income (loss) from continuing operations	\$ 18	\$ (330)	\$ 344
Net loss attributable to noncontrolling interests	—	—	1
Income (loss) from continuing operations attributable to Foot Locker, Inc.	18	(330)	345
Net loss from discontinued operations, net of tax	(6)	—	(3)
Net income (loss) attributable to Foot Locker, Inc.	\$ 12	\$ (330)	\$ 342
Weighted-average common shares outstanding	95.0	94.2	94.3
Dilutive effect of potential common shares	0.5	—	1.2
Weighted-average common shares outstanding assuming dilution	95.5	94.2	95.5

Basic earnings per share:

Earnings (loss) per share from continuing operations attributable to Foot Locker, Inc.	\$ 0.19	\$ (3.51)	\$ 3.66
Loss per share from discontinued operations, net of tax	(0.06)	—	(0.04)
Net earnings (loss) per share attributable to Foot Locker, Inc.	\$ 0.13	\$ (3.51)	\$ 3.62

Diluted earnings per share:

Earnings (loss) per share from continuing operations attributable to Foot Locker, Inc.	\$ 0.19	\$ (3.51)	\$ 3.62
Net loss per share from discontinued operations, net of tax	(0.06)	—	(0.04)
Net earnings (loss) per share attributable to Foot Locker, Inc.	\$ 0.13	\$ (3.51)	\$ 3.58

Anti-dilutive share-based awards excluded from diluted calculation	2.1	4.5	2.7
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Performance stock units related to our long-term incentive programs of 1.1 million for 2024, 0.8 million for 2023, and 0.4 million for 2022, have been excluded from diluted weighted-average shares. The issuance of these shares are contingent on our performance metrics as compared to the pre-established performance goals, which have not been achieved.

Cash, Cash Equivalents, and Restricted Cash

Cash consists of funds held on hand and in bank accounts. Cash equivalents include amounts on demand with banks and all highly liquid investments with original maturities of three months or less, including money market funds. Additionally, amounts due from third-party credit card processors for the settlement of debit and credit card transactions are included as cash equivalents as they are generally collected within three business days. We present book overdrafts, representing checks issued but still outstanding in excess of bank balances, as part of accounts payable.

Restricted cash represents cash that is restricted as to withdrawal or use under the terms of various agreements. Amounts included in restricted cash primarily relate to amounts held in escrow in connection with various leasing arrangements in Europe. During 2024, most deposits held in insurance trusts to satisfy the requirement to collateralize part of the self-insured workers' compensation and liability claims were replaced by standby letters of credit.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The following table provides the reconciliation of cash, cash equivalents, and restricted cash, as reported on our consolidated statements of cash flows:

(\$ in millions)	February 1, 2025	February 3, 2024	January 28, 2023
Cash and cash equivalents (1)	\$ 401	\$ 297	\$ 536
Restricted cash included in other current assets	4	4	13
Restricted cash included in other non-current assets	25	33	33
Cash, cash equivalents, and restricted cash	\$ 430	\$ 334	\$ 582

(1) Includes cash equivalents of \$41 million, \$40 million, and \$41 million as of February 1, 2025, February 3, 2024, and January 28, 2023, respectively.

Merchandise Inventories and Cost of Sales

Merchandise inventories are valued at the lower of cost or market using the retail inventory method, except for WSS and atmos. Cost is determined on the last-in, first-out ("LIFO") basis for domestic inventories and on the first-in, first-out ("FIFO") basis for international inventories. Merchandise inventories for our WSS and atmos businesses are valued at its net realizable value using the weighted average method. Cost is determined on the FIFO basis.

The retail inventory method is used by retail companies to value inventories at cost and calculate gross margins due to its practicality. Under the retail inventory method, cost is determined by applying a cost-to-retail percentage across groupings of similar items, known as departments. The cost-to-retail percentage is applied to ending inventory at its current owned retail valuation to determine the cost of ending inventory on a department basis. We provide reserves based on current selling prices when the inventory has not been marked down to market.

Transportation, distribution center, and sourcing costs are capitalized in merchandise inventories. We expense the freight associated with transfers between our store locations in the period incurred. We maintain an accrual for shrinkage based on historical rates.

Cost of sales is comprised of the cost of merchandise, as well as occupancy, buyers' compensation, and shipping and handling costs. The cost of merchandise is recorded net of amounts received from suppliers for damaged product returns, markdown allowances, and volume rebates, as well as cooperative advertising reimbursements received in excess of specific, incremental advertising expenses.

Minority Investments

We use the equity method to account for investments in which we have the ability to exercise significant influence over the investee's operating and financial policies, or in which we hold a partnership or limited liability company interest in an entity with specific ownership accounts, unless we have virtually no influence over the investee's operating and financial policies.

We have a minority investment that is accounted for using the fair value measurement alternative, which is at cost, adjusted for changes in observable prices minus impairment under the practicability exception.

We evaluate our minority investments for impairment when events or circumstances indicate that the carrying value of the investment may not be recoverable and an impairment is other than temporary. If an event occurs, we evaluate the recoverability of our carrying value based on the fair value of the investment. We estimate the fair value of our minority investments using a discounted cash flow approach and/or a market approach, which considers forecasted cash flows provided by the investee's management, as well as assumptions over discount rates, terminal values, and selected comparable companies. If an impairment is indicated, we adjust the carrying values of the investment downward, if necessary, to their estimated fair values.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)*Property and Equipment*

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Significant additions and improvements to property and equipment are capitalized. Major renewals or replacements that substantially extend the useful life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation and amortization are computed on a straight-line basis over the following estimated useful lives:

Buildings	Maximum of 50 years
Store leasehold improvements	Shorter of the asset useful life or expected term of the lease
Furniture, fixtures, and equipment	3-10 years
Software	2-5 years

Internal-Use Software Development Costs

We capitalize certain external and internal computer software and software development costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing, and installation activities. Capitalized costs include only external direct cost of materials and services consumed in developing or obtaining internal-use software, and payroll and payroll-related costs for employees who are directly associated with and devote time to the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. We generally amortize these costs on a straight-line basis over a period not to exceed five years. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software, net of accumulated amortization, is included as a component of Property and equipment, net and was \$60 million and \$63 million at February 1, 2025 and February 3, 2024, respectively.

Cloud computing arrangement (software-as-a-service contract) implementation costs that are capitalized are amortized on a straight-line basis over the contract term. These amounts are classified within other current assets and other long-term assets in the Consolidated Balance Sheets. Expense related to cloud computing arrangements is included in SG&A. The corresponding cash flows related to these arrangements are included in net cash provided by operating activities in the Consolidated Statements of Cash Flows.

Impairment of Long-Lived Tangible Assets and Right-of-Use Assets

We perform an impairment review when circumstances indicate that the carrying value of long-lived tangible assets and right-of-use assets may not be recoverable ("a triggering event"). Our policy in determining whether a triggering event exists comprises the evaluation of measurable operating performance criteria and qualitative measures at the lowest level for which identifiable cash flows are largely independent of cash flows for other assets and liabilities, which is generally at the store level. We also evaluate triggering events at the banner level. In evaluating potential store level impairment, we compare future undiscounted cash flows expected to result from the use of the asset group to the carrying amount of the asset group. The future cash flows are estimated predominately based on our historical performance and long-range strategic plans. If the carrying amount of the asset group exceeds the estimated undiscounted future cash flows, we measure the amount of the impairment by comparing the carrying amount of the asset group with its estimated fair value. The estimation of fair value is measured by discounting expected future cash flows using a risk adjusted discount rate and using current market-based information for right-of-use assets. We estimate fair value based on the best information available using estimates, judgments, and projections as considered necessary.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)*Leases*

Lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. The lease term includes options to extend or terminate a lease only when we are reasonably certain that we will exercise that option. The right-of-use asset is measured at the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, initial direct costs, and any tenant improvement allowances received. For operating leases, right-of-use assets are reduced over the lease term by the straight-line lease expense recognized less the amount of accretion of the lease liability determined using the effective interest method.

We combine lease components and non-lease components. Given our policy election to combine lease and non-lease components, we also consider fixed common area maintenance ("CAM") part of our fixed future lease payments; therefore, fixed CAM is also included in our lease liability. We recognize rent expense for operating leases as of the possession date for store leases or the commencement of the agreement for non-store leases. Rental expense, inclusive of rent holidays, concessions, and tenant allowances are recognized over the lease term on a straight-line basis. Contingent payments based upon sales and future increases determined by inflation related indices cannot be estimated at the inception of the lease and, accordingly, are charged to operations as incurred.

As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rates based on the remaining lease term to determine the present value of future lease payments. Our incremental borrowing rate for a lease is the rate of interest we would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We recognize lease expense for short-term leases on a straight-line basis over the lease term.

Impairment of Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite lives are reviewed for impairment annually during the fourth quarter of each fiscal year, or more frequently if impairment indicators arise. The review of goodwill impairment consists of either using a qualitative approach to determine whether it is more likely than not that the fair value of the assets is less than their respective carrying values or a one-step quantitative impairment test. In performing the qualitative assessment, we consider many factors in evaluating whether the carrying value of goodwill may not be recoverable, including declines in our stock price and market capitalization in relation to the book value of the Company and macroeconomic conditions affecting retail. If, based on the results of the qualitative assessment, it is concluded that it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed. The quantitative test requires that the carrying value of each reporting unit be compared with its estimated fair value. If the carrying value of a reporting unit is greater than its fair value, a goodwill impairment charge will be recorded for the difference (up to the carrying value of goodwill).

We use a discounted cash flow approach to determine the fair value of a reporting unit. The determination of discounted cash flows of the reporting units and assets and liabilities within the reporting units requires significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, the discount rate, terminal growth rates, earnings before depreciation and amortization, and capital expenditures forecasts. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. We evaluate the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of the reporting units, as well as the fair values of the corresponding assets and liabilities within the reporting units.

We have three reporting units, representing our operating segments of North America, EMEA, and Asia Pacific. Our 2024 quantitative analysis determined that the fair value of each reporting unit exceeded its carrying value. However, the EMEA and Asia Pacific reporting units had fair values that were not substantially in excess of their carrying values. The total amount of goodwill attributable to these reporting units was \$238 million and the fair value was 6.0% higher than the carrying value. The fair value of our North America reporting unit's goodwill was substantially greater than its carrying value. Goodwill is net of accumulated impairment charges of \$167 million for all periods presented. The change in the goodwill amount represents foreign currency fluctuations.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Intangible assets with indefinite lives are tested for impairment if impairment indicators arise and, at a minimum, annually. The impairment review for intangible assets with indefinite lives consists of either performing a qualitative or a quantitative assessment. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of the indefinite-lived intangible is less than its carrying amount, or if we elect to proceed directly to a quantitative assessment, we calculate the fair value using a discounted cash flow method, based on the relief from royalty method, and compare the fair value to the carrying value to determine if the asset is impaired. Intangible assets that are determined to have finite lives are amortized over their useful lives and are measured for impairment only when events or changes in circumstances indicate that the carrying value may be impaired. Following the \$25 million impairment recorded related to our atmos tradename during the year ended February 1, 2025, there is no excess of fair value over the carrying value. Additionally, our WSS tradename, which has a carrying value of \$296 million, has an excess of fair value over the carrying value of 7.8%.

Contingent Consideration

As a result of our purchase of atmos in 2021, we recognized contingent consideration, as a component of the purchase consideration is payable contingent on the achievement of certain sales and EBITDA performance. Contingent consideration is classified as a liability. The fair value of the contingent consideration liability is estimated using an option pricing model simulation that determines an average projected payment value across numerous iterations. This technique determines projected payments based on simulated sales and EBITDA derived from an internal forecast, adjusted for selected revenue and EBITDA volatilities and risk premiums based on market data for comparable guideline public companies. The projected payments are then discounted back to the valuation date at the Company's cost of debt using a term commensurate with the contractual payment dates.

The contingent consideration liability will be measured at fair value on a recurring basis until the contingency is resolved at the conclusion of 2025. Changes in the estimated fair value of the contingent consideration liability will be reflected in operating income or expense in the Consolidated Statements of Operations. The contingent consideration was initially valued at \$35 million. As of February 1, 2025 and February 3, 2024, the fair value of the contingent consideration was not significant.

Derivative Financial Instruments

All derivative financial instruments are recorded in our Consolidated Balance Sheets at their fair values. For derivatives designated as a hedge, and effective as part of a hedge transaction, the effective portion of the gain or loss on the hedging derivative instrument is reported as a component of other comprehensive income/loss or as a basis adjustment to the underlying hedged item and reclassified to earnings in the period in which the hedged item affects earnings. The effective portion of the gain or loss on hedges of foreign net investments is generally not reclassified to earnings unless the net investment is disposed of. To the extent derivatives do not qualify or are not designated as hedges, or are ineffective, their changes in fair value are recorded in earnings immediately, which may subject us to increased earnings volatility. We classify cash receipts and payments according to their nature in the statement of cash flows; however, cash flows from a derivative instrument that is accounted for as a fair value hedge or cash flow hedge are classified in the same category as the cash flows from the items being hedged.

Income Taxes

We account for our income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and the tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized for tax credits and net operating loss carryforwards, reduced by a valuation allowance, which is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

We recognize net deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

A taxing authority may challenge positions that we adopted in our income tax filings. Accordingly, we may apply different tax treatments for transactions in filing our income tax returns than for income tax financial reporting. We regularly assess our tax positions for such transactions and record reserves for those differences when considered necessary. Tax positions are recognized only when it is more likely than not, based on technical merits, that the positions will be sustained upon examination. Tax positions that meet the more-likely-than-not threshold are measured using a probability weighted approach as the largest amount of tax benefit that is greater than fifty percent likely of being realized upon settlement. Whether the more-likely-than-not recognition threshold is met for a tax position is a matter of judgment based on the individual facts and circumstances of that position evaluated in light of all available evidence. We recognize interest and penalties related to unrecognized tax benefits within income tax expense in the accompanying Consolidated Statement of Operations. Accrued interest and penalties are included within the related tax liability line in the Consolidated Balance Sheet.

Pension and Postretirement Obligations

Pension benefit obligations and net periodic pension costs are calculated using actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate for the U.S. plans is determined by reference to the Bond:Link interest rate model based upon a portfolio of highly-rated U.S. corporate bonds with individual bonds that are theoretically purchased to settle the plan's anticipated cash outflows. The cash flows are discounted to their present value and an overall discount rate is determined. The discount rate selected to measure the present value of the Canadian benefit obligations was developed by using that plan's bond portfolio indices, which match the benefit obligations. We measure our plan assets and benefit obligations using the month-end date that is closest to our fiscal year end. The expected return on plan assets assumption is derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected performance of those assets.

Insurance Liabilities

We are primarily self-insured for health care, workers' compensation, and general liability costs. Accordingly, provisions are made for actuarially determined estimates of discounted future claim costs for such risks, for the aggregate of claims reported, and claims incurred but not yet reported. Self-insured liabilities totaled \$14 million for both February 1, 2025 and February 3, 2024 and was \$13 million for January 28, 2023. Workers' compensation and general liability reserves are discounted using a risk-free interest rate. Imputed interest expense related to these liabilities was not significant for any of the periods presented.

Treasury Stock Retirement

We periodically retire treasury shares that we acquire through share repurchases and return those shares to the status of authorized but unissued. We account for treasury stock transactions under the cost method. For each reacquisition of common stock, the number of shares and the acquisition price for those shares is added to the existing treasury stock count and total value. When treasury shares are retired, our policy is to allocate the excess of the repurchase price over the par value of shares acquired to both retained earnings and additional paid-in capital. The portion allocated to additional paid-in capital is determined by applying a percentage, which is determined by dividing the number of shares to be retired by the number of shares issued, to the balance of additional paid-in capital as of the retirement date. We did not retire shares in 2024 or 2023.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)*Foreign Currency Translation*

The functional currency of our international operations is the applicable local currency. The translation of the applicable foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using the weighted-average rates of exchange prevailing during the year. The unearned gains and losses resulting from such translation are included as a separate component of accumulated other comprehensive loss ("AOCL") within shareholders' equity.

Recently Adopted Accounting Pronouncement

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. We adopted this standard in the fourth quarter of 2024. See Note 3. *Segment Information* for further details.

Other recently issued accounting pronouncements did not, or are not believed by management to, have a material effect on our present or future consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*. ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation and income taxes paid. The new income tax disclosures are effective for fiscal years beginning after December 15, 2024. Management will review the extent of new disclosures necessary, prior to implementation in our 2025 Annual Report on Form 10-K. Other than additional disclosure, we do not expect a change to our consolidated statements of operations, financial position, or cash flows.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*. ASU 2024-03 requires disaggregated disclosure of certain costs and expenses, including purchases of inventory, employee compensation, depreciation, amortization and depletion, within relevant income statement captions. The new expense disaggregation disclosures are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The amendments should be applied prospectively; however, retrospective application is permitted. We are currently evaluating the effect of this ASU on our financial statement presentation and disclosures.

Other recently issued accounting pronouncements did not, or are not believed by management to, have a material effect on our present or future consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue

The table below presents sales disaggregated by sales channel as well as licensing revenue earned from our various licensed arrangements. Sales are attributable to the channel in which the sales transaction is initiated.

(\$ in millions)	2024	2023	2022
Sales by Channel:			
Stores	\$ 6,517	\$ 6,751	\$ 7,219
Direct-to-customers	1,454	1,403	1,528
Total sales	7,971	8,154	8,747
Licensing revenue	17	14	12
Total revenue	\$ 7,988	\$ 8,168	\$ 8,759

Revenue by geographic area is presented in the following table. Revenue is attributed to the country in which the transaction is fulfilled.

(\$ in millions)	2024	2023	2022
Revenue by Geography:			
United States	\$ 5,328	\$ 5,409	\$ 5,981
International	2,660	2,759	2,778
Total revenue	\$ 7,988	\$ 8,168	\$ 8,759

For the year ended February 1, 2025, the countries that comprised the majority of the revenue for the international category were Canada, Italy, France, and Australia. No other individual country included in the international category was significant.

Sales by banner and operating segments are presented in the following table.

(\$ in millions)	2024	2023	2022
Foot Locker	\$ 3,227	\$ 3,205	\$ 3,304
Champs Sports	1,155	1,304	1,681
Kids Foot Locker	727	716	708
WSS	660	640	604
Other	2	1	126
North America	5,771	5,866	6,423
Foot Locker (1)	1,735	1,697	1,628
Sidestep	—	26	94
EMEA	1,735	1,723	1,722
Foot Locker	327	387	414
atmos	138	178	188
Asia Pacific	465	565	602
Total sales	\$ 7,971	\$ 8,154	\$ 8,747

(1) Includes sales from 7, 13, and 16 Kids Foot Locker stores operating in Europe as of February 1, 2025, February 3, 2024, and January 28, 2023, respectively.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue (continued)*Contract Liabilities*

The table below presents the activity of our gift card liability balance:

(\$ in millions)	February 1, 2025	February 3, 2024
Gift card liability at beginning of year	\$ 29	\$ 36
Redemptions	(184)	(278)
Breakage recognized in sales	(3)	(6)
Activations	187	277
Foreign currency fluctuations	(1)	—
Gift card liability	\$ 28	\$ 29

We elected not to disclose the information about remaining performance obligations since the amount of gift cards redeemed after 12 months is not significant for both 2024 and 2023.

3. Segment Information

Foot Locker, Inc. operates one reportable segment. We have integrated all available shopping channels including stores, websites, apps, and social channels. Store sales are primarily fulfilled from the store's inventory but may also be shipped from our distribution centers or from a different store location if an item is not available at the original store. Direct-to-customer orders are generally shipped to our customers through our distribution centers but may also be shipped from a store or a combination of our distribution centers and stores depending on the availability of particular items.

Our operating segments are identified according to how our business activities are managed and evaluated by our chief operating decision maker, our CEO. We have three operating segments, North America, EMEA (Europe, Middle East, and Africa), and Asia Pacific. Our North America operating segment includes the results of the following banners in the U.S. and Canada: Foot Locker, Kids Foot Locker, Champs Sports, and WSS, including each of their related e-commerce businesses. Our EMEA operating segment includes the results of the Foot Locker and Kids Foot Locker banners, including each of their related e-commerce businesses. Our Asia Pacific operating segment includes the results of Foot Locker in Australia, New Zealand, and Asia and atmos, as well as their related e-commerce businesses. Additionally, the EMEA and Asia Pacific operating segments include licensing revenue. We further aggregated these operating segments into one reportable segment based upon their shared customer base and similar economic characteristics.

The CEO evaluates performance and allocates resources based on the operating segments' division profit, a key profitability measure. Division profit reflects income before income taxes, impairment and other, unallocated corporate expense, interest expense, net and other (expense) income, net. The significant expenses below may not align with similar GAAP measures as they may be calculated using internal presentation methods (such as expense classification) and certain expenses exclude the results of the 53rd week in 2023, consistent with the CEO's review of comparable period performance. As such, these disclosures may not equal other references to the comparable figures within this filing and may not be comparable to how other retailers classify expenses.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Segment Information (continued)

The following table summarizes our results:

(\$ in millions)	2024	2023	2022
Sales	\$ 7,971	\$ 8,154	\$ 8,747
Licensing revenue	17	14	12
Total revenue	7,988	8,168	8,759
Less:			
Cost of merchandise (1)	4,674	4,866	4,920
Occupancy and buyers' compensation (2)	992	1,029	1,035
Store employee wages (3)	862	861	849
Marketing expenses (4)	198	181	184
Technology expenses (5)	282	254	250
Other division expenses, net (6)	730	713	677
Division profit	\$ 250	\$ 264	\$ 844
Less: Impairment and other (7)	97	80	112
Less: Corporate expense (8)	50	42	151
Income from operations	103	142	581
Interest expense, net	(8)	(9)	(15)
Other (expense) income, net (9)	(44)	(556)	(42)
Income (loss) from continuing operations before income taxes	\$ 51	\$ (423)	\$ 524

- (1) Cost of merchandise consists of inventory costs, freight, distribution costs including related depreciation expense, shipping and handling costs and is recorded net of amounts received from suppliers for damaged product returns, markdown allowances, and volume rebates.
- (2) Occupancy and buyers' compensation consists of rent (including fixed common area maintenance charges and other fixed non-lease components), real estate taxes, general maintenance, and utilities, as well as buyers' compensation.
- (3) Store employee wages consist of employee salary, overtime, vacation, short-term disability, benefits, bonus/awards and employer payroll taxes. Amount for 2023 does not include expenses incurred during the 53rd week.
- (4) Marketing expenses consist of certain advertising expenses, which includes digital and search engine marketing, related professional fees, and other costs to promote our brands, net of reimbursements for cooperative advertising. Amount for 2023 does not include expenses incurred during the 53rd week.
- (5) Technology expenses primarily represent software as a service, engineering and operations, infrastructure, professional fees, and other costs to operate our store, e-commerce, supply chain, and corporate functions. Technology expenses exclude costs incurred by the WSS and atmos banners. Amount for 2023 does not include expenses incurred during the 53rd week.
- (6) Other division expenses, net represents all other division expenses that are not significant expenses or regularly presented to our CEO. These expenses include depreciation and amortization and other selling, general and administrative expenses, which primarily consist of corporate personnel, certain advertising costs, sales transaction fees, and other store and e-commerce expenses. The 2023 amount includes expenses related to the 53rd week that are not included in the above captions.
- (7) See Note 4, *Impairment and Other* for additional information on these amounts.
- (8) Corporate expense consists of unallocated selling, general and administrative expenses, as well as depreciation and amortization related to our corporate headquarters, centrally managed departments, unallocated insurance and benefit programs, certain foreign exchange transaction gains and losses, and other items. The allocation of corporate expense to the operating divisions is adjusted annually based upon an internal study.
- (9) See Note 5, *Other (Expense) Income, net* for additional information on these amounts.

Long-lived asset information as of and for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023 is presented in the following table. Long-lived assets reflect property and equipment and lease right-of-use assets.

(\$ in millions)	2024	2023	2022
Long-Lived Assets:			
United States	\$ 1,983	\$ 2,025	\$ 2,152
International	988	1,093	1,211
Total long-lived assets	\$ 2,971	\$ 3,118	\$ 3,363



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Segment Information (continued)

For the year ended February 1, 2025, the countries that comprised the majority of long-lived assets for the international category were France, Netherlands, Italy, and Canada. No other individual country included in the international category was significant as of February 1, 2025.

(\$ in millions)	Depreciation and Amortization			Capital Expenditures (1)			Total Assets		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Division	\$ 167	\$ 163	\$ 169	\$ 164	\$ 173	\$ 200	\$ 6,114	\$ 6,256	\$ 7,178
Corporate	35	36	39	76	69	85	634	612	729
Total	\$ 202	\$ 199	\$ 208	\$ 240	\$ 242	\$ 285	\$ 6,748	\$ 6,868	\$ 7,907

(1) Represents cash capital expenditures for all years presented.

4. Impairment and Other

(\$ in millions)	2024	2023	2022
Impairment of long-lived assets and right-of-use assets	\$ 32	\$ 30	\$ 58
Reorganization costs	26	17	22
Other intangible asset impairments	25	9	8
Legal claims	14	—	9
Transformation consulting	—	27	42
Insurance recovery related to social unrest	—	1	—
Change in fair value of contingent consideration	—	(4)	(31)
Acquisition and integration costs	—	—	4
Total impairment and other	\$ 97	\$ 80	\$ 112

For 2024, impairment and other included impairment charges of \$32 million from a review of underperforming stores and accelerated tenancy charges on right-of-use assets for the shutdown of operations in South Korea, Denmark, Norway, and Sweden, and the New York headquarters relocation. We will close all stores operating in South Korea, Denmark, Norway, and Sweden as we focus on improving the overall results of our international operations. Additionally, we incurred reorganization costs of \$26 million primarily related to the announced closure and relocation of our global headquarters and the shutdown of our operations in South Korea, Denmark, Norway, and Sweden. This year also included intangible asset impairment of \$25 million on an atmos tradename and a \$14 million loss accrual for legal and other matters. We routinely monitor claims and record provisions for losses when claims become probable and the amount is estimable.

For 2023, impairment and other charges included \$30 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges on right-of-use assets for closures of the Sidestep banner, certain Foot Locker Asia stores, and our U.S. atmos stores. Additionally, we incurred \$27 million of transformation consulting expense, \$17 million of reorganization costs primarily related to a severance and the closures of the Sidestep banner, certain Foot Locker Asia stores, and a North American distribution center. We also incurred intangible asset impairment of \$9 million on an atmos tradename, partially offset by a \$4 million reduction in the fair value of the atmos contingent consideration.

For 2022, impairment and other charges included \$58 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges, \$42 million of transformation consulting, \$22 million of primarily severance costs related to a reorganization, \$9 million of litigation costs related to an employment matter, \$8 million of Sidestep tradename asset impairment, and \$4 million of acquisition integration costs related to the acquisitions of WSS and atmos, partially offset by a \$31 million reduction in the fair value of the atmos contingent consideration.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Other (Expense) Income, net

(\$ in millions)	2024	2023	2022
Impairment and fair value adjustment in minority investments	\$ (35)	\$ (478)	\$ (61)
Pension and postretirement net benefit (expense) income, excluding service cost	(7)	(8)	—
Share of (losses) earnings related to other minority investments	(2)	(1)	1
Pension settlement charge	—	(75)	—
Team Sales divestiture	—	—	19
Gain on sale of property	—	3	—
Foot Locker Singapore and Malaysia divestiture	—	3	—
Other	—	—	(1)
Total other (expense) income, net	\$ (44)	\$ (556)	\$ (42)

Other (expense) income, net generally includes non-operating items, such as:

- changes in value for our investments accounted for using the fair value measurement alternative, which is at cost adjusted for changes in observable prices minus impairment,
- our share of earnings or losses related to our equity method investments,
- net benefit expense or income related to our pension and postretirement programs, excluding the service cost component,
- changes in fair value, premiums paid, and realized gains associated with foreign currency option contracts,
- changes in the market value of our available-for-sale security, and premiums paid to repurchase and retire bonds.

For 2024, other income / expense included a \$35 million impairment charge related to a minority investment. We estimated the fair value using a discounted cash flow approach. Other income / expense also included our share of losses related to our equity method investments of \$2 million.

During the fourth quarter of 2023, we recognized a \$478 million non-cash impairment charge related to a minority investment. We estimated the fair value using both a discounted cash flow approach and a market approach.

Also during the fourth quarter of 2023 we recorded a non-cash pretax \$75 million charge related to the partial settlement of pension plan obligations. As part of efforts to reduce pension plan obligations, we transferred approximately \$109 million of our U.S. Qualified pension plan registered assets and liabilities to an insurance company through the purchase of a group annuity contract, under which an insurance company is required to directly pay and administer pension payments to certain pension plan participants, or their designated beneficiaries. This settlement charge accelerated the recognition of previously unrecognized losses in "Accumulated Other Comprehensive Loss."

Additionally, 2023 included a \$3 million gain from the sale of a North American corporate office property, a \$3 million gain from the sale of the Singapore and Malaysia Foot Locker businesses to a license partner, and our share of losses related to our equity method investments of \$1 million.

6. Merchandise Inventories

(\$ in millions)	February 1, 2025	February 3, 2024
LIFO inventories	\$ 965	\$ 956
FIFO inventories	560	553
Total merchandise inventories	\$ 1,525	\$ 1,509

The value of our LIFO inventories as calculated on a LIFO basis, approximates their value as calculated on a FIFO basis.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Assets and Liabilities Held-for-Sale

During the third quarter of 2024, we entered into agreements to sell our Greece and Romania businesses and entered into license arrangements with the purchaser for the rights to operate Foot Locker stores in Greece and Romania and six other countries in South East Europe. The sale transactions are expected to close in the first half of 2025.

We determined that the assets and liabilities of the businesses met the criteria to be presented as "held-for-sale" on the Condensed Consolidated Balance Sheet as of February 1, 2025. We do not believe the sale will be significant to our financial results.

The table below presents the carrying amounts of assets and liabilities held-for-sale.

(\$ in millions)	February 1, 2025	
Assets:		
Merchandise inventories	\$	2
Property and equipment, net		2
Operating lease right-of-use assets		5
Other assets		1
Total assets held-for-sale	\$	10
Liabilities:		
Accrued and other liabilities	\$	1
Current portion of lease obligations		1
Long-term lease obligations		4
Total liabilities held-for-sale	\$	6

8. Other Current Assets

(\$ in millions)	February 1, 2025		February 3, 2024	
Net receivables	\$	156	\$	160
Other prepaid expenses		80		89
Prepaid income taxes		47		82
Prepaid rent		21		73
Restricted cash		4		4
Other		15		11
	\$	323	\$	419



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Property and Equipment, net

(\$ in millions)	February 1, 2025	February 3, 2024
Owned properties:		
Land	\$ 3	\$ 3
Buildings	50	51
Furniture, fixtures, equipment and software development costs	1,223	1,403
	1,276	1,457
Less: accumulated depreciation	(819)	(988)
	457	469
Finance leases:		
Assets under finance leases	68	65
Less: accumulated amortization	(23)	(18)
	45	47
Alterations to leased and owned buildings:		
Cost	956	996
Less: accumulated amortization	(548)	(582)
	408	414
	\$ 910	\$ 930

10. Other Intangible Assets, net

(\$ in millions)	February 1, 2025				February 3, 2024		
	Gross value	Accum. amort.	Net value	Life in Years (3)	Gross value	Accum. amort.	Net value
Amortized intangible assets: (1)							
Lease acquisition costs	\$ 75	\$ (74)	\$ 1	9.7	\$ 91	\$ (90)	\$ 1
Customer lists	—	—	—	—	20	(15)	5
	\$ 75	\$ (74)	\$ 1	9.7	\$ 111	\$ (105)	\$ 6
Indefinite life intangible assets: (1)							
Trademarks/tradenames (2)			\$ 364				\$ 393
			\$ 365				\$ 399

- (1) The change in the ending balances reflect the derecognition of fully amortized customer lists and leases during 2024 and the effect of foreign currency fluctuations due primarily to the movements of the euro and yen in relation to the U.S. dollar.
- (2) Includes a non-cash impairment charge of \$25 million and \$9 million recorded in 2024 and 2023, related to atmos, respectively, see Note 4, *Impairment and Other*.
- (3) Represents the weighted-average useful life as of February 1, 2025 and excludes those assets that are fully amortized.

Amortizing intangible assets primarily represent customer lists and lease acquisition costs, which are amounts that are required to secure prime lease locations, primarily in Europe. Both the WSS and atmos customer lists were fully amortized as of February 1, 2025. Amortization expense recorded is presented below and future amortization expense is not significant.

(\$ in millions)	2024	2023	2022
Amortization expense	\$ 5	\$ 7	\$ 8



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Other Assets

(\$ in millions)	February 1, 2025	February 3, 2024
Restricted cash	\$ 25	\$ 33
Security deposits	22	25
Cross-currency swap contract	13	7
Auction rate security	6	6
Pension asset	4	4
Other	66	17
	\$ 136	\$ 92

12. Accrued and Other Liabilities

(\$ in millions)	February 1, 2025	February 3, 2024
Other payroll and payroll related costs, excluding taxes	\$ 65	\$ 72
Taxes other than income taxes	52	60
Loyalty program	48	31
Property and equipment (1)	44	48
Incentive bonuses	35	11
Rent related costs	31	33
Customer deposits	31	31
Advertising	22	31
Other	106	111
	\$ 434	\$ 428

(1) Accruals for property and equipment are excluded from the Statements of Cash Flows for all years presented.

13. Revolving Credit Facility

In the second quarter of 2024, we entered into an amendment to the credit agreement (as so amended, the "Amended Credit Agreement"), which governs our \$600 million secured asset-based revolving credit facility. The amendment provides for, among other things, (i) an uncommitted "accordion" feature that allows us, subject to certain customary conditions, to increase the size of the revolving credit facility to up to \$750 million in the aggregate, (ii) an extension of the maturity date from July 14, 2025 to June 20, 2029, and (iii) a change to the interest rates and commitment fees applicable to the loans and commitments, respectively, as described below. The amendment provides that the interest rate applicable to loans drawn under the credit facility will be equal to, at our option, either a base rate, determined by the greater of 1% per annum or other rate calculations which take into consideration the federal funds rate, plus a margin of 0.50% to 1.00% per annum, or a forward-looking term rate, determined by reference to Secured Overnight Financing Rate plus a margin of 1.50% to 2.00% per annum, in each case, depending on availability under the Amended Credit Agreement. In addition, we will pay a commitment fee from 0.25% to 0.375% per annum on the unused portion of the commitments under the Amended Credit Agreement. No events of default occurred during 2024.

Our obligations under the Amended Credit Agreement are secured by a first priority lien on certain assets, including inventory and accounts receivable, cash deposits, and certain insurance proceeds. We may use the Amended Credit Agreement to, among other things, support standby letters of credit in connection with insurance programs. We did not have any borrowings outstanding as of February 1, 2025 and February 3, 2024. The letters of credit outstanding as of February 1, 2025 were \$7 million.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Revolving Credit Facility (continued)

We paid fees of \$4 million in connection with the amendment of our credit facility and such costs are amortized over the life of the extended facility. The unamortized balance of fees paid in connection with the credit facility at February 1, 2025 was \$4 million. Interest expense, including facility fees, related to the revolving credit facility was \$3 million for each of 2024, 2023, and 2022.

14. Long-Term Debt and Obligations Under Finance Leases

The components of long-term debt and obligations under finance leases are as follows:

(\$ in millions)	February 1, 2025	February 3, 2024
4% Senior Notes due 2029	\$ 396	\$ 395
Obligations under finance leases	50	52
	\$ 446	\$ 447
Current portion of debt and obligations under finance leases	5	5
	\$ 441	\$ 442

Interest expense related to long-term debt and the amortization of the associated debt issuance costs was \$17 million 2024, 2023, and 2022.

15. Other Liabilities

(\$ in millions)	February 1, 2025	February 3, 2024
Deferred taxes	\$ 149	\$ 140
Pension benefits	25	38
Income taxes	24	31
Other	39	32
	\$ 237	\$ 241

16. Leases

The majority of our leases are operating leases for our company-operated retail store locations. We also lease, among other things, distribution and warehouse facilities, and office space for corporate administrative purposes. Operating lease periods typically range from 5 to 10 years and generally contain rent escalation provisions. Some of the store leases contain renewal options with varying terms and conditions.

Amounts recognized in the Consolidated Balance Sheet were as follows:

(\$ in millions)	February 1, 2025	February 3, 2024
Operating leases:		
Operating lease right-of-use assets (1)	\$ 2,061	\$ 2,188
Operating lease liabilities classified as current	\$ 507	\$ 492
Operating lease liabilities classified as long-term	1,831	2,004
Total operating lease liabilities (2)	\$ 2,338	\$ 2,496

(1) Excludes \$5 million of right-of-use assets held for sale as of February 1, 2025, see Note 7, *Assets and Liabilities Held-for-Sale*.

(2) Excludes \$5 million of operating lease liabilities held for sale as of February 1, 2025, see Note 7, *Assets and Liabilities Held-for-Sale*.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Leases (continued)

(\$ in millions)	February 1, 2025	February 3, 2024
Finance leases:		
Property and equipment, net	\$ 45	\$ 47
Finance lease obligations classified as current	\$ 5	\$ 5
Finance lease obligations classified as long-term	45	47
Total finance lease obligations	\$ 50	\$ 52

Other information related to our leases as of February 1, 2025 and February 3, 2024 consisted of the following:

	February 1, 2025	February 3, 2024
Weighted-average remaining lease term (years):		
Operating leases	6.2	6.5
Finance leases	13.8	14.5
Weighted-average discount rate:		
Operating leases	5.6%	5.5%
Finance leases	4.4%	4.3%

Total lease costs include fixed operating lease costs, variable lease costs, and short-term lease costs. Most of our real estate leases require us to pay certain expenses, such as CAM costs, real estate taxes, and other executory costs, of which the fixed portion is included in operating lease costs. Variable lease costs include non-lease components which are not fixed and are not included in determining the present value of our lease liability. Variable lease costs also include amounts based on a percentage of gross sales in excess of specified levels that are recognized when probable.

Lease costs which relate to retail stores and distribution centers are classified within cost of sales, while non-store lease costs are included in SG&A. Amortization of leased equipment assets is classified in depreciation and amortization. The components of lease cost for 2024, 2023, and 2022 were as follows:

(\$ in millions)	2024	2023	2022
Operating lease costs	\$ 643	\$ 613	\$ 657
Variable lease costs	272	304	308
Short-term lease costs	16	48	19
Sublease income	—	(1)	(1)
Total operating lease costs	931	964	983
Finance lease costs:			
Amortization of leased assets	6	6	6
Interest on lease liabilities	2	2	3
Total finance lease costs	8	8	9
Total lease cost	\$ 939	\$ 972	\$ 992



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Leases (continued)

Maturities of lease liabilities as of February 1, 2025 are as follows:

(\$ in millions)	Operating leases	Finance leases	Total
2025	\$ 624	\$ 7	\$ 631
2026	501	6	507
2027	396	5	401
2028	320	4	324
2029	269	4	273
Thereafter	676	40	716
Total lease payments	2,786	66	2,852
Less: Interest	443	16	459
Less: Lease liabilities held for sale	5	—	5
Total lease liabilities	\$ 2,338	\$ 50	\$ 2,388

As of February 1, 2025, we have signed operating leases for retail stores that have not yet commenced and the total future undiscounted lease payments under these leases are \$41 million.

17. Accumulated Other Comprehensive Loss

(\$ in millions)	2024	2023	2022
Foreign currency translation adjustments	\$ (208)	\$ (173)	\$ (148)
Hedge contracts	—	(2)	(3)
Unrecognized pension cost and postretirement benefit	(175)	(191)	(241)
	\$ (383)	\$ (366)	\$ (392)

The changes in AOCL for the year ended February 1, 2025 were as follows:

(\$ in millions)	Foreign Currency Translation Adjustments	Hedge Contracts	Items Related to Pension and Postretirement Benefits	Total
Balance as of February 3, 2024	\$ (173)	\$ (2)	\$ (191)	\$ (366)
OCI before reclassification	(35)	6	1	(28)
Reclassification of hedges, net of tax	—	(4)	—	(4)
Amortization of pension actuarial loss, net of tax	—	—	5	5
Pension and postretirement remeasurement, net of tax	—	—	10	10
Other comprehensive income	(35)	2	16	(17)
Balance as of February 1, 2025	\$ (208)	\$ —	\$ (175)	\$ (383)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Accumulated Other Comprehensive Loss (continued)

Reclassifications to income from AOCL for the year ended February 1, 2025 were as follows:

(\$ in millions)

Reclassification of hedges:	
Cross-currency swap	\$ (4)
Income tax	—
Reclassification of hedges, net of tax	\$ (4)
Reclassification of actuarial loss:	
Amortization of pension and postretirement benefits	\$ 7
Income tax	(2)
Reclassification of actuarial loss, net of tax	\$ 5

18. Income Taxes

The domestic and international components of pre-tax income (loss) are as follows:

(\$ in millions)

	2024		2023		2022
Domestic	\$ 100	\$	(381)	\$	440
International	(49)		(42)		84
Total pre-tax income (loss)	\$ 51	\$	(423)	\$	524

Domestic pre-tax income (loss) includes the results of non-U.S. businesses that are operated in branches owned directly by the U.S. which, therefore, are subject to U.S. income tax.

The income tax provision consists of the following:

(\$ in millions)

	2024		2023		2022
Current:					
Federal	\$ 21	\$	8	\$	64
State and local	13		2		27
International	27		33		68
Total current tax provision	61		43		159
Deferred:					
Federal	12		(88)		23
State and local	(1)		(24)		4
International	(39)		(24)		(6)
Total deferred tax provision	(28)		(136)		21
Total income tax provision	\$ 33	\$	(93)	\$	180

Following the enactment of Public Law 115-97 ("Tax Act") and the one-time transition tax, our historical foreign earnings are not subject to additional U.S. federal tax upon repatriation. Further, no additional U.S. federal tax will be due upon repatriation of current foreign earnings because they are either exempt or subject to U.S. tax as earned.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Income Taxes (continued)

At February 1, 2025, we had accumulated undistributed foreign earnings of \$400 million. This amount consists of historical earnings that were previously taxed under the Tax Act and post-Tax Act earnings. Investments in our foreign subsidiaries, including working capital, will continue to be permanently reinvested. Cash balances in excess of working capital needs are considered to be available for repatriation to the United States and foreign withholding taxes will be accrued as necessary on these amounts.

We have not recorded a deferred tax liability for the difference between the financial statement carrying amount and the tax basis of our investments in foreign subsidiaries. The determination of any unrecorded deferred tax liability on this amount is not practicable due to the uncertainty of how these investments would be recovered.

A reconciliation of the significant differences between the federal statutory income tax rate and the effective income tax rate on pre-tax income (loss) is as follows:

	2024	2023	2022
Federal statutory income tax rate	21.0%	21.0%	21.0%
Increase in valuation allowance	36.0	(0.6)	2.6
State and local income taxes, net of federal tax benefit	15.2	5.4	5.0
International income taxed at varying rates	(11.6)	(4.4)	8.4
Foreign tax credits	0.6	1.4	(3.6)
Domestic/foreign tax settlements	—	1.0	(0.5)
Federal tax credits	(4.4)	0.5	(0.4)
Foreign deferred adjustment	—	(2.0)	—
Compensation based adjustments	7.6	(0.3)	1.2
Other, net	0.2	—	0.6
Effective income tax rate	64.6%	22.0%	34.3%

Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. Items that give rise to significant portions of our deferred tax assets are as follows:

(\$ in millions)	February 1, 2025	February 3, 2024
Deferred tax assets:		
Tax loss/credit carryforwards and capital loss	\$ 208	\$ 166
Employee benefits	26	32
Operating leases - liabilities	627	668
Other	66	62
Total deferred tax assets	\$ 927	\$ 928
Valuation allowance	(112)	(95)
Total deferred tax assets, net	\$ 815	\$ 833



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Income Taxes (continued)

Items that give rise to significant portions of our deferred tax liabilities are as follows:

(\$ in millions)	February 1, 2025	February 3, 2024
Deferred tax liabilities:		
Merchandise inventories	\$ 101	\$ 97
Operating leases - assets	578	611
Goodwill and other intangible assets	111	118
Property and equipment	20	24
Other	11	9
Total deferred tax liabilities	\$ 821	\$ 859
Net deferred tax liability	\$ (6)	\$ (26)
Balance Sheet caption reported in:		
Deferred taxes	\$ 143	\$ 114
Other liabilities	(149)	(140)
	\$ (6)	\$ (26)

Based upon the level of historical taxable income and projections for future taxable income, which are based upon our long-range strategic plans, management believes it is more likely than not that we will realize the benefits of deductible differences, net of the valuation allowances, over the periods in which the temporary differences are anticipated to reverse. At February 1, 2025, our net deferred tax assets include \$85 million of net operating loss ("NOL") carryforwards and \$13 million of deferred interest deductions in the Netherlands that can be used to offset taxable income in future periods. After weighing the positive and negative evidence and considering both recent losses and forecasted taxable income, we consider it more likely than not that we will have sufficient source of taxable income in the future that will allow us to realize these deferred tax assets. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

As of February 1, 2025, we have a valuation allowance of \$112 million to reduce our deferred tax assets to an amount that is more likely than not to be realized. A valuation allowance of \$75 million was recorded against tax loss carryforwards of certain foreign entities. Based on the history of losses and the absence of prudent and feasible business plans for generating future taxable income in these entities, we believe it is more likely than not that the benefit of these loss carryforwards will not be realized. As of February 1, 2025, a valuation allowance of \$23 million was established for foreign taxes assessed at rates in excess of the U.S. federal tax rate for which no U.S. foreign tax credit is available. Additionally, since we do not have any reasonably foreseeable sources of capital gains in the U.S. or Canada, a valuation allowance of \$11 million was established to offset deferred tax assets on capital losses. We also have a valuation allowance of \$3 million related to losses from a legal entity restructuring.

At February 1, 2025, we have international minimum tax credit carryforwards with a potential tax benefit of \$3 million and operating loss carryforwards with a potential tax benefit of \$160 million, a portion of which will expire between 2025 and 2039 and a portion of which will never expire. The international operating loss carryforwards include unrecognized tax benefits. The Canadian capital loss of \$1 million will carry forward indefinitely and the U.S. capital losses of \$20 million can be carried back 3 years and forward for 5 years after realization. We also have U.S. state operating loss carryforwards with a potential benefit of \$1 million that will expire between 2028 and 2043, and we have foreign tax credit carryforwards with a potential tax benefit of \$23 million that will expire between 2029 and 2033.

We operate in multiple taxing jurisdictions and are subject to audit. Audits can involve complex issues that may require an extended period of time to resolve. A taxing authority may challenge positions that we have adopted in our income tax filings. Accordingly, we may apply different tax treatments for transactions in filing the income tax returns than for income tax financial reporting. We regularly assess our tax positions for such transactions and record reserves for those differences. We participate in the IRS's Compliance Assurance Process and the examination of our 2023 U.S. Federal income tax filing was concluded in February 2025. To date, no adjustments have been proposed in any audits that will have a material effect on our financial position or results of operations.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Income Taxes (continued)

At February 1, 2025, we had \$39 million of gross unrecognized tax benefits, of which \$37 million would, if recognized, affect our annual effective tax rate. We classified certain income tax liabilities as current or noncurrent based on management's estimate of when these liabilities will be settled. Interest expense and penalties related to unrecognized tax benefits are classified as income tax expense. Interest recorded in 2024 was not significant. We recorded interest income of \$2 million in 2023 and recorded interest expense of \$6 million in 2022.

The following table summarizes the activity related to unrecognized tax benefits:

(\$ in millions)	2024		2023		2022	
Unrecognized tax benefits at beginning of year	\$	50	\$	52	\$	41
Foreign currency translation adjustments		(1)		—		(1)
Increases related to current year tax positions		1		5		9
Increases related to prior period tax positions		2		2		7
Decreases related to prior period tax positions		(8)		—		—
Settlements		—		(5)		—
Lapse of statute of limitations		(5)		(4)		(4)
Unrecognized tax benefits at end of year	\$	39	\$	50	\$	52

It is reasonably possible that the liability associated with our unrecognized tax benefits will increase or decrease within the next twelve months. These changes may be the result of foreign currency fluctuations, ongoing audits, or the expiration of statutes of limitations. Settlements during 2025 are not expected to be significant based on current estimates. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although management believes that adequate provision has been made for such issues, the ultimate resolution could have an adverse effect on our earnings. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, generating a positive effect on earnings.

19. Financial Instruments and Risk Management

We operate internationally and utilize certain derivative financial instruments to mitigate our foreign currency exposures, primarily related to third-party and intercompany forecasted transactions. As a result of the use of derivative instruments, we are exposed to the risk that counterparties will fail to meet their contractual obligations. To mitigate this counterparty credit risk, we have a practice of entering into contracts with major financial institutions selected based upon their credit ratings and other financial factors. We monitor the creditworthiness of counterparties throughout the duration of the derivative instrument.

Derivative Holdings Designated as Hedges

The primary currencies to which we are exposed are the euro, British pound, Canadian dollar, Australian dollar, and the Japanese yen. Generally, merchandise inventories are purchased by each geographic area in their respective local currency.

For option and foreign exchange forward contracts designated as cash flow hedges of the purchase of inventory, the effective portion of gains and losses is deferred as a component of AOCL and is recognized as a component of cost of sales when the related inventory is sold. The amount reclassified to cost of sales related to such contracts was not significant for any of the periods presented. The effective portion of gains or losses associated with other forward contracts is deferred as a component of AOCL until the underlying transaction is reported in earnings. The ineffective portion of gains and losses related to cash flow hedges recorded to earnings was not significant for any of the periods presented.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Financial Instruments and Risk Management (continued)

On May 6, 2022, we entered into a cross-currency swap contract to reduce the effect of the fluctuating U.S. dollar ("USD") to Japanese yen ("JPY") foreign exchange rate on our foreign currency-denominated intercompany loan between our Japanese and U.S. subsidiary. We expect the gains and losses on this contract to offset losses and gains on the hedged transaction in an effort to reduce the earnings volatility resulting from the remeasurement of the principal and interest accrued on the loan. Though the intercompany loan eliminates in consolidation, the foreign currency remeasurement of the loan and interest by the U.S. subsidiary is reflected in the consolidated financial statements.

The cross-currency swap contract has a notional amount of JPY 11 billion and final receipt of \$85 million. The cross-currency swap contract, which matures on November 2, 2031, swaps yen-denominated interest payments for U.S. dollar-denominated interest payments, thereby economically converting the JPY 11 billion fixed-rate 3.51% intercompany loan to a fixed-rate 6.77% USD-denominated receivable for our U.S. subsidiary.

We designated the cross-currency swap contract to hedge the changes in value of the intercompany loan and its variability on earnings. We apply fair value hedge accounting, and we consider market factors other than the change in the spot exchange rate on the notional amount of the swap to be excluded components. The foreign currency spot rate fluctuations on the cross-currency swap notional amount and interest accruals are reported in earnings each period, while all other changes are reported in other comprehensive income. Because the terms of the hedged item and the hedging instrument match and the likelihood of swap counterparty default is not probable, the hedge is expected to exactly offset changes in the fair value of the foreign currency debt resulting from foreign currency fluctuations over the term of the swap.

As of February 1, 2025 and February 3, 2024, the cross-currency swap had a fair value of \$13 million and \$7 million included in other assets, respectively. We record the changes in the fair value of the contract to AOCL. Each period, we reclassify an amount out of AOCL equal to the remeasurement gain or loss on the hedged intercompany loan that is recorded in selling, general and administrative expenses. As of February 1, 2025 and February 3, 2024, there was an insignificant amount and \$2 million in AOCL, net of tax, related to the cross-currency swap, respectively. In addition, we recognize swap interest income based on the differential in fixed interest rates per the contract. During 2024 and 2023, we recorded \$3 million of income in interest expense, net, and \$2 million in 2022. Refer to Note 17 for further information regarding amounts recorded in AOCL and Note 20 for fair value of derivative disclosures.

Derivative Holdings Not Designated as Hedges

We enter into certain derivative contracts that are not designated as hedges, such as foreign exchange forward contracts and currency option contracts. These derivative contracts are used to manage certain costs of foreign currency-denominated merchandise purchases, intercompany transactions, and the effect of fluctuating foreign exchange rates on the reporting of foreign currency-denominated earnings. Changes in the fair value of derivative holdings not designated as hedges, as well as realized gains and premiums paid, are recorded in earnings immediately within SG&A or Other (expense) income, net, depending on the type of transaction. The aggregate amount recognized for these contracts was not significant for any of the periods presented.

Business Risk

The retail business is highly competitive. Price, quality, selection of merchandise, reputation, store location, advertising, and customer experience are important competitive factors in our business. We operate in 26 countries and purchased 85% and 84% of our merchandise from our top 5 suppliers in 2024 and 2023, respectively. In 2024 and 2023, we purchased 59% and 65% of our athletic merchandise from one major supplier, Nike, Inc.

Included in our Consolidated Balance Sheet at February 1, 2025, are the net assets of our European operations, which total \$546 million and are located in 20 countries, 11 of which have adopted the euro as their functional currency.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Fair Value Measurements

We categorize our financial instruments into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants exclusive of any transaction costs. Our financial assets recorded at fair value are categorized as follows:

- Level 1** - Quoted prices for identical instruments in active markets.
- Level 2** - Observable inputs other than quoted prices included within Level 1, including quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.
- Level 3** - Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

Our auction rate security, classified as available-for-sale, is recorded within Other assets on the Consolidated Balance Sheet and is recorded at fair value with gains and losses reported in Other (expense) income, net in our Consolidated Statements of Operations. The fair value of the auction rate security is determined by using quoted prices for similar instruments in active markets and accordingly is classified as a Level 2 instrument.

Our derivative financial instruments are valued using market-based inputs to valuation models. These valuation models require a variety of inputs, including contractual terms, market prices, yield curves, and measures of volatility and therefore are classified as Level 2 instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(\$ in millions)	February 1, 2025			February 3, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Available-for-sale security	\$ —	\$ 6	\$ —	\$ —	\$ 6	\$ —
Foreign exchange forward contracts	—	1	—	—	1	—
Cross-currency swap contract	—	13	—	—	7	—
Total assets	\$ —	\$ 20	\$ —	\$ —	\$ 14	\$ —

Liabilities measured at fair value were insignificant for both 2024 and 2023. There were no transfers into or out of Level 1, Level 2, or Level 3 for any of the periods presented.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis. Assets and liabilities recognized or disclosed at fair value on the consolidated financial statements on a nonrecurring basis include items such as property, plant and equipment, operating lease right-of-use assets, goodwill, other intangible assets, and minority investments that are not accounted for under the equity method of accounting. These assets are measured using Level 3 inputs, if determined to be impaired.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Fair Value Measurements (continued)

During the third quarter of 2024, we recorded \$25 million of impairment on the atmos tradename following a strategic review of the atmos business. We calculated the fair value using a discounted cash flow method, based on the relief from royalty method, which uses estimates of future growth and trends, royalty rates in the category of intellectual property, discount rates, and other variables.

We have a minority investment that is accounted for using the fair value measurement alternative. During the third quarter of 2024, we recognized a \$35 million non-cash impairment charge related to our investment, thereby reducing the carrying value to \$98 million due to an evaluation of events that indicated that the carrying value of the investment was impaired. We estimated the fair value using a discounted cash flow approach, which considered forecasted cash flows provided by the investee's management, as well as assumptions over discount rates and terminal values.

As of February 1, 2025, cumulative impairments on our portfolio of minority investments were \$566 million.

Long-Term Debt

The fair value of long-term debt is determined by using model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets and therefore are classified as Level 2.

(\$ in millions)	February 1, 2025	February 3, 2024
Carrying value (1)	\$ 396	\$ 395
Fair value	\$ 344	\$ 337

(1) The carrying value of debt as of February 1, 2025 and February 3, 2024, included \$4 million and \$5 million, respectively, of issuer's discount and costs related to 4% Notes due in 2029.

The carrying values of cash and cash equivalents, restricted cash, and other current receivables and payables approximate their fair value.

21. Retirement Plans and Other Benefits*Pension and Other Postretirement Plans*

We have defined benefit pension plans covering certain of our North American employees. In May 2019, the U.S. qualified pension plan was amended such that all employees who were not participants in the plan as of December 31, 2019, will not become participants after such date. All benefit accruals were frozen as of December 31, 2019 for all plan participants with less than eleven years of service as of that date. For participants with more than eleven years of service as of December 31, 2019, benefit accruals were frozen as of December 31, 2022. Participants continue to accrue interest at a fixed rate of 6% per year.

We also sponsor postretirement medical and life insurance plans, which are available to most of our retired U.S. employees. These plans are contributory, are not funded and are not significant.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Retirement Plans and Other Benefits (continued)

The following tables set forth the plans' changes in benefit obligations and plan assets, funded status, and amounts recognized in the Consolidated Balance Sheets related to our pension plans:

(\$ in millions)	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 431	\$ 566
Service cost	4	6
Interest cost	21	27
Actuarial gains	(20)	(6)
Foreign currency translation adjustments	(3)	—
Benefits paid	(35)	(35)
Settlement	(1)	(127)
Benefit obligation at end of year	\$ 397	\$ 431
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 394	\$ 546
Actual return on plan assets	14	4
Employer contributions	4	3
Foreign currency translation adjustments	(3)	—
Benefits paid	(35)	(35)
Settlement	(1)	(124)
Fair value of plan assets at end of year	\$ 373	\$ 394
Funded status	\$ (24)	\$ (37)
Amounts recognized on the balance sheet:		
Other assets	\$ 4	\$ 4
Accrued and other liabilities	(3)	(3)
Other liabilities	(25)	(38)
	\$ (24)	\$ (37)

The Canadian qualified pension plan's assets exceeded its accumulated benefit obligation for both 2024 and 2023. Our non-qualified pension plans have an accumulated benefit obligation in excess of plan assets, as these plans are unfunded. Accordingly, the table below reflects the U.S. qualified and non-qualified plans.

(\$ in millions)	2024	2023
Projected benefit obligation	\$ 370	\$ 400
Accumulated benefit obligation	370	400
Fair value of plan assets	342	359

The following table provides the amounts recognized in AOCL on a pre-tax basis related to the pension plans:

(\$ in millions)	2024	2023
Net actuarial loss at beginning of year		\$ 262
Amortization of net loss		(7)
Gain arising during the year		(13)
Foreign currency fluctuations		(2)
Net actuarial loss at end of year		\$ 240



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Retirement Plans and Other Benefits (continued)

The actuarial gains recognized during 2024 were primarily driven by an increase in discount rates applied against future expected benefit payments, which resulted in a decrease in the benefit obligation for the pension benefit plans, partially offset by lower actual return as compared with the expected return on plan assets.

During the fourth quarter of 2023, as part of our efforts to reduce pension plan obligations, we transferred approximately \$109 million of our U.S. Qualified pension plan registered assets and liabilities to an insurance company through the purchase of a group annuity contract, under which an insurance company is required to directly pay and administer pension payments to certain of our pension plan participants, or their designated beneficiaries. In connection with this transaction, we recorded a non-cash pretax settlement charge of \$75 million in 2023. The settlement charge was calculated based on the total of the lump sum payments and the amount paid to the insurance company. This settlement charge accelerated the recognition of previously unrecognized losses in AOCL. In 2024, the U.S. non-qualified plan recognized a \$1 million settlement of its benefit obligation, for which the AOCL gain was insignificant.

The following weighted-average assumptions were used to determine the benefit obligations under the plans:

	2024	2023	
Discount rate	5.5%	5.2%	5.2%
Rate of compensation increase (1)	3.0%		

(1) The rate of compensation increase relates only to Canadian pension plan, as the other plans are frozen.

Pension expense is actuarially calculated annually based on data available at the beginning of each year. The expected return on plan assets is determined by multiplying the expected long-term rate of return on assets by the market-related value of plan assets for the U.S. qualified pension plan and market value for the Canadian qualified pension plan. The market-related value of plan assets is a calculated value that recognizes investment gains and losses in fair value related to equities over three or five years, depending on which computation results in a market-related value closer to market value. Market-related value for the U.S. qualified plan was \$364 million and \$513 million for 2024 and 2023, respectively.

Assumptions used in the calculation of net benefit cost include the discount rate selected and disclosed at the end of the previous year, as well as other assumptions detailed in the table below:

	2024	2023	2022	
Discount rate	5.2%	5.0%	5.2%	3.2%
Rate of compensation increase (1)	3.0%	3.0%		
Expected long-term rate of return on assets	5.6%	5.6%		

(1) The rate of compensation increase relates only to Canadian pension plan, as the other plans are frozen.

The expected long-term rate of return on invested plan assets is based on the plans' weighted-average target asset allocation, as well as historical and future expected performance of those assets. The target asset allocation is selected to obtain an investment return that is sufficient to cover the expected benefit payments and to reduce the variability of our future contributions.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Retirement Plans and Other Benefits (continued)

The following are the components of net periodic pension benefit cost. Service cost is recognized as a component of SG&A and the remaining pension and postretirement expense components are recognized as part of Other (expense) income, net.

(\$ in millions)	2024		2023		2022	
Service cost	\$	4	\$	6	\$	14
Interest cost		21		27		21
Expected return on plan assets		(21)		(29)		(31)
Amortization of net loss		7		11		10
Settlement charge		—		75		—
Net benefit expense	\$	11	\$	90	\$	14

The mortality assumption used to value the 2024 and 2023 U.S. pension obligations was the Pri-2012 mortality table with generational projection using MP-2021 for both males and females. For years ended February 1, 2025 and February 3, 2024, we used the 2014 CPM Private Sector mortality table projected generationally with Scale CPM-B for both males and females to value its Canadian pension obligations

Plan Assets

In late 2024, we adjusted the target composition of our U.S. qualified pension plan assets to 50% fixed-income securities, 47.5% equities and mutual funds, and 2.5% real estate (as compared with the prior allocation of 70% fixed-income securities, 28.5% equities, and 1.5% real estate). This current asset allocation may increase volatility with regard to the funded status of the plan and may reduce pension expense due to the higher long-term rate of return associated with a larger portion of equities in the asset portfolio. We may alter the asset allocation targets from time to time depending on market conditions and the funding requirements of the pension plan. The target composition of our Canadian qualified pension plan assets is 95% fixed-income securities and 5% equities. We believe plan assets are invested in a conservative manner with the same overall objective and investment strategy as for the U.S. pension plan. The bond portfolio is comprised of government and corporate bonds chosen to match the duration of the pension plan's benefit payment obligations. This current asset allocation will limit future volatility. Due to market conditions and other factors, actual asset allocations may vary from the target allocation outlined above.

We believe plan assets are invested in an appropriate manner with an objective of providing a total return that, over the long term, provides sufficient assets to fund benefit obligations, taking into account our expected contributions and the level of funding risk deemed appropriate. Our investment strategy seeks to diversify assets among classes of investments with differing rates of return, volatility, and correlation in order to reduce funding risk. Diversification within asset classes is also utilized to ensure that there are no significant concentrations of risk in plan assets and to reduce the effect that the return on any single investment may have on the entire portfolio.

Valuation of Investments

Commingled trust funds are valued at the net asset value of units held by the plan at year end. Stocks and mutual funds traded on U.S. and Canadian security exchanges are valued at closing market prices on the measurement date. Each category of U.S. and Canadian plan assets is classified within the same level of the fair value hierarchy for 2024 and 2023.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Retirement Plans and Other Benefits (continued)

The fair values of the U.S. pension plan assets at February 1, 2025 and February 3, 2024 were as follows:

(\$ in millions)	Level 1	Level 2	Level 3	2024 Total	2023 Total
Cash	\$ 1	\$ —	\$ —	\$ 1	\$ 1
Cash equivalents	—	1	—	1	3
Commingled funds:					
Equity securities	—	111	—	111	91
Fixed-income securities	—	165	—	165	241
Real estate securities	—	8	—	8	5
Corporate stock	8	—	—	8	11
Mutual funds	48	—	—	48	7
Total assets at fair value	\$ 57	\$ 285	\$ —	\$ 342	\$ 359

The fair values of the Canadian pension plan assets at February 1, 2025 and February 3, 2024 were as follows:

(\$ in millions)	Level 1	Level 2	Level 3	2024 Total	2023 Total
Cash equivalents	\$ —	\$ 6	\$ —	\$ 6	\$ 7
Equity securities:					
Canadian and international	2	—	—	2	3
Fixed-income securities:					
Cash matched bonds	—	23	—	23	25
Total assets at fair value	\$ 2	\$ 29	\$ —	\$ 31	\$ 35

Contributions and Expected Payments

Contributions to the U.S. qualified pension plan were not required in 2024 and 2023. In early 2025 we made a \$20 million contribution to the U.S. qualified pension plan to improve the Plan's funded status and to reduce the Plan's administrative costs. We will continue to evaluate the amount and timing of any potential future contributions based on market conditions and other factors. We paid \$4 million and \$3 million in 2024 and 2023, respectively, related to our unfunded non-qualified pension plans.

Estimated future benefit payments for each of the next five years and the five years thereafter are as follows:

(\$ in millions)	
2025	\$ 51
2026	34
2027	33
2028	32
2029	31
2030 - 2034	145

Savings Plans

We have a 401(k) plan that is available to employees whose primary place of employment is the U.S., and another plan that is available to employees whose primary place of employment is in Puerto Rico. Additionally, we are the sponsor of the 401(k) plan for WSS employees. The charges for matching contributions were not significant for any of the periods presented.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Share-Based Compensation*Stock Awards*

Under our amended and restated 2007 Stock Incentive Plan (the "2007 Stock Plan"), stock options, restricted stock, restricted stock units, stock appreciation rights, or other share-based awards may be granted to nonemployee directors, officers, and other employees, including our subsidiaries and operating divisions worldwide. Options for employees become exercisable in substantially equal annual installments over a three-year period, beginning with the first anniversary of the date of grant of the option, unless a shorter or longer duration is established at the time of the option grant. The options terminate ten years from the date of grant. In 2023, the 2007 Stock Plan was amended and restated to increase the number of shares of common stock reserved for all awards to 14 million shares. As of February 1, 2025, there were 10,347,840 shares available for issuance under this plan.

During 2022, the Company granted options and other awards to its President and Chief Executive Officer, Mary N. Dillon. These awards were granted outside of the 2007 Stock Incentive Plan as employment inducement awards and did not require shareholder approval under the rules of the New York Stock Exchange or otherwise. Shares available for future grant under this plan of 584,127 are reserved for the sole purpose to issue shares pursuant to her employment inducement awards.

Employees Stock Purchase Plan

Under the 2023 Foot Locker Employee Stock Purchase Plan ("2023 ESPP"), participating employees are able to contribute up to 10% of their annual compensation, not to exceed \$25,000 in any plan year, through payroll deductions to acquire shares of our common stock at 85% of the lower market price on specified dates in each plan year. Participating employees are permitted to purchase shares in June and December of each year. Of the 3,000,000 shares of common stock authorized under the 2023 ESPP, there were 2,668,478 shares available for purchase as of February 1, 2025.

Share-Based Compensation Expense

(\$ in millions)	2024		2023		2022	
Restricted stock units and performance stock units	\$	19	\$	9	\$	26
Options and employee stock purchase plan		2		4		5
Total share-based compensation expense	\$	21	\$	13	\$	31
Tax benefit recognized	\$	3	\$	2	\$	3

Restricted Stock Units and Performance Stock Units

Restricted stock units ("RSU") are awarded to certain officers, key employees of the Company, and nonemployee directors. Additionally, performance stock units ("PSU") are awarded to officers and certain key employees in connection with our long-term incentive program. Each RSU and PSU represents the right to receive one share of our common stock provided that the applicable performance and vesting conditions are satisfied. PSU awards granted in 2024 and 2023 also include a performance objective based on our relative total shareholder return over the performance period to a pre-determined peer group, assuming the reinvestment of dividends. The fair value of these awards is determined using a Monte Carlo simulation as of the date of the grant.

Generally, RSU awards fully vest after the passage of time, typically three years for employees and one year for nonemployee directors, provided there is continued service with the Company until the vesting date, subject to the terms of the award. PSUs granted in 2024 vest after the attainment of the performance period, which is three years. Prior PSU grants vested after the attainment of the performance period of two years and an additional one-year period. No dividends are paid or accumulated on any RSU or PSU awards. Compensation expense is recognized over the vesting period on a straight-line basis.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Share-Based Compensation (continued)

RSU and PSU activity is summarized as follows:

	Number of Shares (in thousands)	Weighted- Average Remaining Contractual Life (in years)	Weighted- Average Grant Date Fair Value (per share)
Nonvested at beginning of year	1,378		\$ 38.81
Granted	1,383		29.00
Vested	(535)		47.29
Performance adjustment (1)	(495)		
Forfeited	(128)		32.25
Nonvested at February 1, 2025	1,603	0.9	\$ 30.65
Aggregate value (\$ in millions)	\$ 49		

(1) This represents adjustments made to PSU awards reflecting changes in estimates based upon our current performance against predefined financial and market targets.

The total fair value of awards vested was \$25 million, \$23 million, and \$6 million, for 2024, 2023, and 2022, respectively. Unrecognized compensation cost at February 1, 2025 was \$26 million.

Stock Options

Effective in 2024, we no longer issue stock option grants. The table below provides activity for existing stock option awards for 2024:

	Number of Shares (in thousands)	Weighted- Average Remaining Contractual Life (in years)	Weighted- Average Exercise Price (per share)
Options outstanding at the beginning of the year	2,738		\$ 48.23
Exercised	(257)		21.63
Expired or cancelled	(392)		53.54
Options outstanding at February 1, 2025	2,089	2.9	\$ 50.50
Options exercisable at February 1, 2025	1,844	2.2	\$ 52.32

The total fair value of options vested was \$2 million, \$5 million, and \$4 million, during 2024, 2023, and 2022, respectively.

During the years ended February 1, 2025, February 3, 2024, and January 28, 2023, we received \$5 million, \$5 million, and \$6 million, respectively, in cash from option exercises and the related tax benefit recognized were not significant. The total intrinsic value of options exercised, outstanding, and exercisable was not significant for any of the periods presented.

As of February 1, 2025, there was \$1 million of total unrecognized compensation cost related to nonvested stock options, which is expected to be recognized over a remaining weighted-average period of 1.0 year.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Share-Based Compensation (continued)

The following table summarizes information about stock options outstanding and exercisable at February 1, 2025:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
	(in thousands, except prices per share and contractual life)				
\$21.60 - \$30.98	422	4.1	\$ 26.67	372	\$ 26.37
\$36.49 - \$46.64	506	5.8	40.68	311	41.82
\$53.61 - \$58.94	309	2.1	56.46	309	56.46
\$62.02 - \$72.83	852	0.8	65.97	852	65.97
	2,089	2.9	\$ 50.50	1,844	\$ 52.32

23. Legal Proceedings

Legal proceedings pending against the Company or its consolidated subsidiaries consist of ordinary, routine litigation, or pre-litigation demands, including administrative proceedings, incidental to the business of the Company or businesses that have been sold or discontinued by the Company in past years. These legal proceedings include commercial, intellectual property, customer, environmental, and employment-related claims.

We do not believe that the outcome of any such legal proceedings pending against the Company or its consolidated subsidiaries, as described above, would have a material adverse effect on our consolidated financial position, liquidity, or results of operations, taken as a whole, based upon current knowledge and taking into consideration current accruals. Litigation is inherently unpredictable. Judgments could be rendered or settlements made that could adversely affect the Company's operating results or cash flows in a particular period.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements between the Company and its independent registered public accounting firm on matters of accounting principles or practices.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management performed an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of February 1, 2025. Based on that evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as of February 1, 2025.

Per Rules 13a-15(e) and 15d-15(e), the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its CEO and CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud due to inherent limitations of internal controls. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

(b) Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). To evaluate the effectiveness of the Company's internal control over financial reporting, the Company uses the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "2013 COSO Framework"). Using the 2013 COSO Framework, the Company's management, including the CEO and CFO, under the oversight of the Board of Directors, evaluated the Company's internal control over financial reporting and concluded that the Company's internal control over financial reporting was effective as of February 1, 2025.

A company's internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our independent registered public accounting firm, KPMG LLP, who audited the Company's consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's effectiveness of internal control over financial reporting, which is included in Item 9A(d).

(d) Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting (as defined by Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended February 1, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(e) Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Foot Locker, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Foot Locker, Inc. and subsidiaries' (the Company) internal control over financial reporting as of February 1, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 1, 2025 and February 3, 2024, the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended February 1, 2025, and the related notes (collectively, the consolidated financial statements), and our report dated March 27, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
New York, New York
March 27, 2025

Item 9B. Other Information

During the quarter ended February 1, 2025, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

- (a) Directors of the Company
Information relative to directors of the Company will be set forth under the heading "Proposal 1: Election of Directors" in the Proxy Statement and is incorporated herein by reference.
- (b) Executive Officers of the Company
Information with respect to executive officers of the Company is set forth in Item 4A in Part I.
- (c) Information on our Audit Committee and the Audit Committee Financial Expert will be contained under the heading "Committees" under the "Governance" section of the Proxy Statement and is incorporated herein by reference.
- (d) Information about the Code of Business Conduct applicable to our employees, including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and the Board of Directors, will be set forth under the heading "Code of Business Conduct" under the "Governance" section of the Proxy Statement and is incorporated herein by reference. The Company intends to disclose any amendment or waiver to its Code of Business Conduct requiring disclosure under applicable SEC rules or stock exchange listing standards on the Company's website.
- (e) Policy Prohibiting Insider Trading
We have adopted a comprehensive Policy Prohibiting Insider Trading governing the purchase, sale and other dispositions of or securities by directors, officers, other employees and the Company, which is designed to promote compliance with all applicable insider trading laws, rules and regulations. A copy of this policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

(f) The description of the shareholder-proposed candidate procedures will be contained under heading of "Shareholder Recommendations for Director Candidates" under the Governance section of the Proxy Statement and is incorporated herein by reference.

(g) Delinquent Section 16(a) Reports

Any delinquent filings (if applicable) will be contained under the heading "Delinquent Section 16(a) Reports" in the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

Information with respect to executive and director compensation will be set forth under the headings "Director Compensation" and "Executive Compensation" in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Information set forth in the Proxy Statement under the section captioned "Shareholder Ownership" is incorporated herein by reference. Equity compensation plan information is contained under the "Stock Awards" and "Employees Stock Purchase Plan" sections of the *Share-Based Compensation* note in "Item 8. Consolidated Financial Statements and Supplementary Data."

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information set forth under the headings "Director Independence" and "Transactions with Related Persons" under the "Governance" section of the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is KPMG LLP, New York, NY, Auditor Firm ID: 185. Information about the principal accounting fees and services is set forth under the heading "Audit and Non-Audit Fees" under "Proposal 4: Ratification of Appointment of our Independent Registered Public Accounting Firm" in the Proxy Statement and is incorporated herein by reference. Information about the Audit Committee's preapproval policies and procedures is set forth in the section captioned "Audit Committee Preapproval Policies and Procedures" which appears in "Proposal 4: Ratification of Appointment of our Independent Registered Public Accounting Firm" in of the Proxy Statement and is incorporated by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) and (2) Financial Statements

The list of financial statements required by this item is set forth in Item 8. "Consolidated Financial Statements and Supplementary Data." All other schedules specified under Regulation S-X have been omitted because they are not applicable, because they are not required, or because the information required is included in the financial statements or notes thereto.

(a)(3) and (c) Exhibits

An index of the exhibits are on pages 79 through 81.

Item 16. Form 10-K Summary

None.

FOOT LOCKER, INC.

INDEX OF EXHIBITS

Exhibit No.	Description
3.1	Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on April 7, 1989 (incorporated herein by reference to Exhibit 3(i)(a) to the Quarterly Report on Form 10-Q for the quarterly period ended July 26, 1997 filed on September 4, 1997 (the "July 26, 1997 Form 10-Q")), as amended by Certificates of Amendment of the Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on (a) July 20, 1989, (b) July 24, 1990, (c) July 9, 1997 (incorporated herein by reference to Exhibit 3(i)(b) to the July 26, 1997 Form 10-Q), (d) June 11, 1998 (incorporated herein by reference to Exhibit 4.2(a) to the Registration Statement on Form S-8 (Registration No. 333-62425)), (e) November 1, 2001 (incorporated herein by reference to Exhibit 4.2 to the Registration Statement on Form S-8 (Registration No. 333-74688)), (f) May 28, 2014 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on May 28, 2014), and (g) December 8, 2020 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 8, 2020).
3.2	Bylaws of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on September 22, 2023).
4.1	Description of Registrant's Securities (incorporated herein by reference to Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended February 3, 2024 filed on March 28, 2024).
4.2	Indenture, dated as of October 5, 2021, by and among the Registrant, certain guarantors from time to time party thereto, and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on October 5, 2021).
4.3	Form of 4% Senior Notes due 2029 (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on October 5, 2021).
10.1	Credit Agreement, dated as of May 19, 2016, among the Registrant, the guarantors party thereto, the lenders party thereto and Wells Fargo, National Association, as agent, letter of credit issuer and swing line lender (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 19, 2016).
10.2	Amendment No. 1 to Credit Agreement, dated as of July 14, 2020, among the Registrant, the guarantors party thereto, the lenders party thereto, and Wells Fargo, National Association, as administrative agent, letter of credit issuer, and swing line lender (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 16, 2020).
10.3	Amendment No. 2 to Credit Agreement, dated as of May 19, 2021, among the Registrant, the guarantors party thereto, the lenders party thereto, and Wells Fargo, National Association, as administrative agent, letter of credit issuer, and swing line lender (incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed by Foot Locker, Inc. on May 20, 2021).
10.4	Amendment No. 3 to Credit Agreement, dated as of April 21, 2023, among the Registrant, the guarantors party thereto, the lenders party thereto, and Wells Fargo, National Association, as administrative and collateral agent, letter of credit issuer, and swing line lender (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 25, 2023).
10.5	Amendment No. 4 to Credit Agreement, dated as of June 20, 2024, among the Registrant, the guarantors party thereto, the lenders party thereto, and Wells Fargo, National Association, as administrative and collateral agent, letter of credit issuer, and swing line lender (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 25, 2024).

Exhibit No.	Description
10.6	Trust Agreement dated as of November 12, 1987 ("Trust Agreement"), between F.W. Woolworth Co. and The Bank of New York, as amended and assumed by the Registrant (incorporated herein by reference to Exhibit 10(j) to the 8-B Registration Statement), as amended by Amendment No. 1 to Trust Agreement made as of April 11, 2001 (incorporated herein by reference to Exhibit 10.4 to the May 5, 2001 Form 10-Q).
10.7†	Foot Locker 2007 Stock Incentive Plan, amended and restated as of March 22, 2023 (incorporated herein by reference to Exhibit 10.1 on Form S-8 (Registration No.333-272007), filed on May 17, 2023 (the "2023 Form S-8")).
10.8†	Executive Incentive Cash Compensation Plan (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 3, 2018).
10.9†	2023 Foot Locker Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.2 on the 2023 Form S-8).
10.10†*	Excess Cash Balance Plan, as amended.
10.11†	Excess Savings Plan (incorporated herein by reference to Exhibit 10.25 to the Annual Report on Form 10-K for the fiscal year ended January 30, 2021 filed on March 25, 2021).
10.12†	Form of Stock Option Award Agreement (incorporated herein by reference to Exhibit 10.8 to the Annual Report on Form 10-K for the fiscal year ended January 29, 2022 filed on March 22, 2022).
10.13†	Form of Restricted Stock Unit Award Agreement for Executives (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2024 filed on June 12, 2024).
10.14†	Form of Restricted Stock Unit Award Agreement for Directors (incorporated herein by reference to Exhibit 10.10 to the Annual Report on Form 10-K for the fiscal year ended January 29, 2022 filed on March 22, 2022).
10.15†	Form of Performance Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2024 filed on June 12, 2024).
10.16†	Form of Stock Option Inducement Award Agreement (Annual Award) for Mary N. Dillon (incorporated herein by reference to Exhibit 99.3 on Form S-8 (Registration No. 333-267044), filed on August 24, 2022 (the "2022 Form S-8")).
10.17†	Form of Restricted Stock Unit Inducement Award Agreement (Annual Award) for Mary N. Dillon (incorporated herein by reference to Exhibit 99.4 to the 2022 Form S-8).
10.18†	Form of Restricted Stock Unit Inducement Award Agreement for Mary N. Dillon (Sign-On Award) (incorporated herein by reference to Exhibit 99.1 to the 2022 Form S-8).
10.19†	Form of Performance Stock Unit Inducement Award Agreement (Annual Award) for Mary N. Dillon (incorporated herein by reference to Exhibit 99.5 to the 2022 Form S-8).
10.20†	Form of Performance Stock Unit Inducement Award Agreement (Transformation Award) for Mary N. Dillon (incorporated herein by reference to Exhibit 99.2 to the 2022 Form S-8).
10.21†	Directors' Retirement Plan, as amended (incorporated herein by reference to Exhibit 10(k) to the 8-B Registration Statement), as amended by Amendment No. 1 to Directors' Retirement Plan (incorporated herein by reference to Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarterly period ended October 28, 1995 filed on December 11, 1995).

Exhibit No.	Description
10.22†	Employment Agreement, dated August 16, 2022, by and between Mary N. Dillon and the Company, (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on August 19, 2022).
10.23†	Form of Senior Executive Offer Letter (including specific contractual obligations) (incorporated herein by reference to Exhibit 10.32 to the Annual Report on Form 10-K for the fiscal year ended February 3, 2024 filed on March 28, 2024).
10.24†*	Form of Indemnification Agreement, as amended.
10.25†	Foot Locker, Inc. Executive Severance Policy (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarterly period ended August 3, 2024 filed on September 11, 2024).
10.26†	Michael Baughn Letter Agreement dated March 27, 2024 (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2024 filed on June 12, 2024).
10.27†	Letter Agreement between Foot Locker, Inc. and Rosalind Reeves, dated as of March 9, 2024 (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarterly period ended August 3, 2024 filed on September 11, 2024).
19*	Policy Prohibiting Insider Trading.
21*	Subsidiaries of the Registrant.
23*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Incentive Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97 to the 2023 Form 10-K).
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† Management contract or compensatory plan or arrangement

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FOOT LOCKER, INC.

By: /s/ MARY N. DILLON

Mary N. Dillon
Chief Executive Officer

Date: March 27, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 27, 2025, by the following persons on behalf of the Company and in the capacities indicated.

/s/ MARY N. DILLON

Mary N. Dillon
Chief Executive Officer

/s/ MICHAEL BAUGHN

Michael Baughn
*Executive Vice President and
Chief Financial Officer*

/s/ GIOVANNA CIPRIANO

Giovanna Cipriano
Senior Vice President and Chief Accounting Officer

/s/ SONIA SYNGAL

Sonia Syngal
Director

/s/ VIRGINIA C. DROSOS

Virginia C. Drosos
Director

/s/ KIMBERLY K. UNDERHILL

Kimberly K. Underhill
Director

/s/ GUILLERMO G. MARMOL

Guillermo G. Marmol
Director

/s/ JOHN VENHUIZEN

John Venhuizen
Director

/s/ DARLENE NICOSIA

Darlene Nicosia
Director

/s/ TRISTAN WALKER

Tristan Walker
Director

/s/ STEVEN OAKLAND

Steven Oakland
Director

/s/ DONA D. YOUNG

Dona D. Young
Non-Executive Chair

/s/ ULICE PAYNE, JR.

Ulice Payne, Jr.
Director

FOOT LOCKER EXCESS CASH BALANCE PLAN

(Effective January 1, 1996)

1. Purpose.

The purpose of this Plan is to provide supplemental retirement benefits for a select group of management and key employees of the Employer. The benefits are intended to supplement the benefits payable under the Qualified Plan, a plan qualified under Section 401(a) of the Code, maintained by the Employer.

2. Definitions.

Unless the context requires otherwise, the following words as used in the Plan shall have the meanings ascribed to each below:

- (a) **"Affiliate"** shall mean the Company and any entity affiliated with the Company within the meaning of Code Section 414(b) with respect to controlled group of corporations, Code Section 414(c) with respect to trades or businesses under common control with the Company, Code Section 414(m) with respect to affiliated service groups, and any other entity required to be aggregated with the Company under Section 414(o) of the Code. No entity shall be treated as an Affiliate for any period during which it is not part of the controlled group, under common control or otherwise required to be aggregated under Code Section 414.
 - (b) **"Beneficiary"** shall mean the Participant's beneficiary under the Qualified Plan.
 - (c) **"Board"** shall mean the Board of Directors of the Company.
 - (d) **"Code"** shall mean the Internal Revenue Code of 1986, as amended and as hereafter amended from time to time.
 - (e) **"Committee"** shall mean the Retirement Administration Committee of the Company, or such other committee as designated by the Board.
 - (f) **"Company"** shall mean Foot Locker, Inc., a New York corporation, and any successor by merger, consolidation or transfer of assets.
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- (g) **"Control Group"** shall mean the Company and its Affiliates.
 - (h) **"Employee"** shall mean any officer, member of senior management or other key employee employed by an Employer.
 - (i) **"Employer"** shall mean the Company and any Participating Employer.
 - (j) **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended.
 - (k) **"Excess Cash Balance Benefit"** shall mean a lump sum benefit, calculated under Section 3 below and payable under this Plan.
 - (l) **"Participant"** shall mean any Employee who is a participant in the Qualified Plan and whose benefit under the Qualified Plan is limited, directly or indirectly, by Code Sections 401(a)(17) and/or 415. In no event shall an Employee who is not entitled to benefit under the Qualified Plan be eligible for, or receive, an Excess Cash Balance Benefit under the Plan.
 - (m) **"Participating Employer"** shall mean any Affiliate which has adopted the Plan by action of its board of directors and is approved by the Board.
 - (n) **"Plan"** shall mean the Foot Locker Excess Cash Balance Plan, as amended from time to time.
 - (o) **"Qualified Plan"** shall mean the Foot Locker Retirement Plan, as amended and restated effective January 1, 1996, and as further amended from time to time.
 - (p) **"Section 409A"** shall mean Section 409A of the Code including the regulations issued thereunder by the Department of the Treasury.
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- (q) **"Specified Employee"** shall have the meaning set forth in Section 409A as determined on the date of Termination of Employment in accordance with procedures established by the Company and consistent with Section 409A.
- (r) **"Termination of Employment"** shall mean separation from service with the Control Group in accordance with Section 409A for any reason, including, but not limited to retirement, death, disability, resignation or dismissal with or without cause; provided, however, that if a Participating Employer is no longer a member of the Control Group and the Participant is transferred in connection with the sale of the assets of a Participating Employer and the successor assumes the obligations hereunder in accordance with Section 14 hereof, a Termination of Employment shall not occur until termination of employment with the new control group.

3. Excess Cash Balance Benefit.

The Excess Cash Balance Benefit shall be equal to (i) the Participant's Account Balance (as determined under the Qualified Plan), if the limitations of Code Sections 401(a)(17) and/or 415 did not apply, less (ii) the Participant's actual Account Balance (as determined under the Qualified Plan), taking into account the limitations of Code Sections 401(a)(17) and/or 415. The Excess Cash Balance Benefit shall be calculated based on all compensation and service recognized under the Qualified Plan, whether or not with an Employer, and subject to any effects as provided in the Qualified Plan.

4. Vesting.

Subject to the Company's right to terminate the Plan under Section 16 hereof, a Participant who accrues an Excess Cash Balance Benefit hereunder shall have a nonforfeitable interest in such benefits to the extent that his or her benefits are vested under the Qualified Plan.

5. Payment.

The vested portion of a Participant's Excess Cash Balance Benefit shall be paid to the Participant in a lump sum on the first day of the month occurring thirty (30) days following Termination of Employment. Notwithstanding the foregoing, amounts payable pursuant to this Section 5 to a Participant who is a Specified Employee during the first six (6) months following such Participant's Termination of Employment shall be delayed during the six (6) month period following such Participant's Termination of Employment and shall be paid to the Participant on the first day of the month following the end of such six (6) month period.

6. Death of Participant.

In the event of the death of a Participant who has accrued an Excess Cash Balance Benefit hereunder prior to the payment date of such benefit, the Participant's Excess Cash Balance Benefit should be paid to the Participant's Beneficiary in a lump sum on the first day of the month occurring thirty (30) day following the Participant's death.

7. Claims Procedure.

Any claim by a Participant or Beneficiary ("Claimant") with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Secretary of the Company or such other person designated by the Committee from time to time for such purpose. If the designated person receiving a claim believes, following consultation with the Chairman of the Committee, that the claim should be denied, he or she shall notify the Claimant in writing of the denial of the claim within ninety (90) days after his or her receipt thereof (this period may be extended an additional ninety (90) days in special circumstances and, in such event, the Claimant shall be notified in writing of the extension). Such notice shall (a) set forth the specific reason or reasons for the denial making reference to the pertinent provisions of the Plan or of Plan documents on which the denial is based, (b) describe any additional material or information necessary to perfect the claim, and explain why such material or information, if any, is necessary, and (c) inform the Claimant of his or her right pursuant to this Section 7 to request review of the decision.

A Claimant may appeal the denial of a claim by submitting a written request for review to the Committee, within sixty (60) days after the date on which such denial is received. Such period may be extended by the Committee for good cause shown. The claim will then be reviewed by the Committee. A Claimant or his or her duly authorized representative may discuss any issues relevant to the claim, may review pertinent documents and may submit issues and comments in writing. If the Committee deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The Committee shall decide whether or not to grant the claim within sixty (60) days after receipt of the request for review, but this period may be extended by the Committee for up to an additional sixty (60) days in special circumstances. Written notice of any such special circumstances shall be sent to the Claimant. Any claim not decided upon in the required time period shall be deemed denied. All interpretations, determinations and decisions of the Committee with respect to any claim shall be made in its sole discretion based on the Plan and other relevant documents and shall be final, conclusive and binding on all persons.

8. Construction of Plan.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Employer and the Participants, their Beneficiaries or any other person. Any funds which may be invested under the provisions of this Plan shall continue for all purposes to be part of the general funds of the Employer and no person other than the Employer shall by virtue of the provisions of this Plan have any interest in such funds. To the extent that any person acquires a right to receive payments from the Employer under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer. If the Company decides to establish any advance accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company is required to fund a trust under this Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan. In no event shall any Participant or Beneficiary be entitled to receive any payment for any amount due under the Plan from any trust maintained for the Qualified Plan.

9. Minors and Incompetents.

In the event that the Committee finds that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Committee shall determine, and the payment of any benefits hereunder and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under this Plan. Any payments to a minor from this Plan may be paid by the Committee in its sole and absolute discretion (a) directly to such minor; (b) to the legal or natural guardian of such minor; or (c) to any other person, whether or not appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Plan therefor.

10. Administration.

The Plan shall be administered by the Committee. The Committee (or its delegate) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Plan and any other Plan documents and to decide all matters arising in connection with the operation or administration of the Plan. Without limiting the generality of the foregoing, the Committee shall have the sole and absolute discretionary authority: (a) to take all actions and make all decisions with respect to the eligibility for, and the amount of, benefits payable under the Plan; (b) to formulate, interpret and apply rules, regulations and policies necessary to administer the Plan in accordance with its terms; (c) to decide questions, including legal or factual questions, relating to the calculation and payment of benefits under the Plan; (d) to resolve and/or clarify any ambiguities, inconsistencies and omissions arising under the Plan or other Plan documents; (e) to decide for purposes of paying benefits hereunder, whether, based on the terms of the Plan, a termination of employment has occurred; and (f) except as specifically provided to the contrary in Section 7, to process and approve or deny benefit claims and rule on any benefit exclusions. All determinations made by the Committee (or any delegate) with respect to any matter arising under the Plan and any other Plan documents shall be final, binding and conclusive on all parties.

Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. All decisions of the Committee on any question concerning the interpretation and administration of the Plan shall be final, conclusive and binding upon all parties.

No member of the Committee and no officer, director or employee of the Company or any other Affiliate shall be liable for any action or inaction with respect to his or her functions under the Plan unless such action or inaction is adjudged to be due to gross negligence, willful misconduct or fraud. Further, no such person shall be personally liable merely by virtue of any instrument executed by him or her or on his or her behalf in connection with the Plan.

Each Employer shall indemnify, to the full extent permitted by law and its Certificate of Incorporation and By-laws (but only to the extent not covered by insurance) its officers and directors (and any employee involved in carrying out the functions of such Employer under the Plan) and each member of the Committee against any expenses, including amounts paid in settlement of a liability, which are reasonably incurred in connection with any legal action to which such person is a party by reason of his or her duties or responsibilities with respect to the Plan (other than as a Participant), except with regard to matters as to which he or she shall be adjudged in such action to be liable for gross negligence, willful misconduct or fraud in the performance of his or her duties.

11. Limitation of Rights.

Nothing contained herein shall be construed as conferring upon an Employee the right to continue in the employ of the Employer as a Participant or in any other capacity or to interfere with the Employer's right to discharge him or her at any time for any reason whatsoever.

12. Payment Not Salary.

Any Excess Cash Balance Benefit payable under this Plan shall not be deemed salary or other compensation to the Employee for the purposes of computing benefits to which he or she may be entitled under any pension plan or other arrangement of the Employer for the benefit of its employees.

13. Withholding.

The Employer shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments or accrual pursuant to this Plan. In lieu thereof, the Employer shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Employer to the Participant upon such terms and conditions as the Committee may prescribe.

14. Assignment.

This Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns and the Participants and their heirs, executors, administrators and legal representatives. In addition to any obligations imposed by law upon any successor of the Employer, the Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer to expressly assume and agree in writing to assume the obligations under this Plan to the same extent that the Employer would be responsible if no such succession had taken place. In the event that the Employer sells all or substantially all of the assets of its business and the acquiror of such assets assumes the obligations hereunder, the Employer shall be released from any liability imposed herein and shall have no obligation to provide any benefits payable hereunder.

15. Non-Alienation of Benefits.

The benefits payable under this Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any benefits to be so subjected shall not be recognized.

16. Amendment or Termination of Plan.

The Board may amend this Plan from time to time in any respect, and may at any time terminate the Plan in its entirety. Any such action by the Board with respect to the Plan shall be binding on the Employer and Employee. Except as otherwise specifically provided herein, in no event shall any termination, amendment or change of the Plan reduce the Participant's Excess Cash Balance Benefit hereunder accrued through the date of such termination, amendment or change, based on service and compensation through such date of termination, amendment or change, but with the Qualified Plan offset being based on service through the date of such termination, amendment or change and compensation through Termination of Employment or if earlier, the date of payment of the Excess Cash Balance Benefit hereunder.

17. Non-Exclusivity.

The adoption of the Plan by the Employer shall not be construed as creating any limitations on the power of the Employer to adopt such other supplemental retirement income arrangements as it deems desirable, and such arrangements may be either generally applicable or limited in application.

18. Severability.

Should any provisions of the Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of the Plan unless such determination shall render impossible or impracticable the functioning of the Plan, and in such case, an appropriate provision or provisions shall be adopted so that the Plan may continue to function properly.

19. Headings and Captions.

The headings and captions herein are provided for reference and convenience only. They shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

20. Governing Law.

This Plan shall be construed, interpreted and governed by ERISA. To the extent not governed by ERISA, this Plan shall be governed by the laws of the State of New York, (without regard to conflict of law provisions).

21. Section 409A.

This Plan is designed and intended to comply with Section 409A of the Code, and all provisions hereof shall be limited, construed and interpreted in a manner so to comply.

**AMENDMENT NUMBER ONE TO THE
FOOT LOCKER EXCESS CASH BALANCE PLAN**

WHEREAS, Foot Locker, Inc. (the "Company") maintains the Foot Locker Excess Cash Balance Plan, effective January 1, 1996 and as amended December 24, 2008 (the "Plan");

WHEREAS, the Company and the Foot Locker Retirement Plan (the "Cash Balance Plan") were parties to the *Osberg v. Foot Locker* class action litigation in the United States District Court in the Southern District of New York (the "Decision") in which the court ordered that the Cash Balance Plan be reformed to increase benefits consistent with the court's judgment; and

WHEREAS, pursuant to Section 16 of the Plan, the Company desires to amend the Plan to clarify that the benefits provided by the Plan shall be determined without regard to the impact of the Decision, including any increase in benefits under the Cash Balance Plan as a result of the Decision.

NOW, THEREFORE, the Plan is hereby amended, effective as of January 1, 2018:

1. The Plan is hereby amended to add the following language to the end of Section 3 thereof:
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Notwithstanding the foregoing or anything to the contrary, the Excess Cash Balance Benefit shall be determined without regard to the impact of the *Osberg v. Foot Locker* class action litigation in the United States District Court in the Southern District of New York (the "Decision"), including any increase in benefits under the Qualified Plan as a result of the Decision.

IN WITNESS WHEREOF, the Company has caused this amendment to be executed this 24 day of September, 2018.

FOOT LOCKER, INC.

By: /s/ Caryn Steinert

Title: VP, Global Total Rewards

**AMENDMENT NUMBER TWO TO THE
FOOT LOCKER EXCESS CASH BALANCE PLAN**

WHEREAS, Foot Locker, Inc. (the "Company") maintains the Foot Locker Excess Cash Balance Plan, effective January 1, 1996 and as amended December 24, 2008 (the "Plan");

WHEREAS, pursuant to Section 16 of the Plan, the Board of Directors of the Company may amend the Plan;

WHEREAS, the Company desires to amend the Plan such that all employees who are not participants in the Plan as of December 31, 2019 shall not become participants in the Plan after such date;

WHEREAS, the Company desires to amend the Plan such that benefit accruals (other than interest credits) shall be frozen as of December 31, 2019 for all Plan participants with less than eleven years of service as of December 31, 2019; and

WHEREAS, the Company desires to amend the Plan such that benefit accruals (other than interest credits) shall be frozen as of December 31, 2022 for all Plan participants who had been credited with at least eleven years of service as of December 31, 2019.

NOW, THEREFORE, the Plan is hereby amended, effective as of January 1, 2020, as follows:

1. Section 1 of the Plan is hereby amended to add the following language to the end thereof:

Effective as of January 1, 2020, the Qualified Plan was amended to provide that (i) each Employee who was not a Participant in the Qualified Plan on December 31, 2019 shall not become a Participant in the Plan after such date; (ii) benefit accruals (other than interest credits) were frozen as of December 31, 2019 for each Participant in the Qualified Plan with less than eleven years of service as of December 31, 2019, such that the Participant ceased to accrue compensation credits under the Qualified Plan after December 31, 2019; and (iii) benefit accruals (other than interest credits) were frozen as of December 31, 2022, for each Participant in the Qualified Plan who had been credited with at least eleven years of service as of December 31, 2019, such that the Participant ceased to accrue compensation credits under the Qualified Plan after December 31, 2022 (collectively, the "Qualified Plan Freeze"). The Plan was amended in connection with the Qualified Plan to reflect changes consistent with the Qualified Plan Freeze.

2. Section 2(1) of the Plan is hereby amended to add the following language to the end thereof:

An Employee who was not a Participant in the Qualified Plan on December 31, 2019, shall not be eligible to become a Participant in the Plan after such date. An Employee who is rehired on or after January 1, 2020, shall not be eligible to become a Participant in the Plan and any such rehired Employee who previously became a Participant in the Plan shall not accrue additional compensation credits under the Plan on or after the date of rehire, regardless of any prior Plan eligibility or participation.

3. Section 3 of the Plan is hereby amended to add the following language to the end thereof:

Notwithstanding anything herein to the contrary, the Excess Cash Benefit Balance for Plan years beginning on or after January 1, 2020, shall be subject to the Qualified Plan Freeze, freezing Participant's benefit accruals (other than interest credits) as of December 31, 2019, with respect to Employees who were credited with less than eleven years of service under the Qualified Plan as of December 31, 2019, or as of December 31, 2022, with respect to Employees who were credited with eleven or more years of service under the Qualified Plan as of December 31, 2019.

4. Section 7 of the Plan is hereby amended to add the following language to the end thereof:

A Claimant must exhaust all administrative remedies available to the Claimant under the Plan before the Claimant may seek any judicial review.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this amendment to be executed this 23, day of May, 2019.

FOOT LOCKER, INC.

By: /s/ Caryn Steinert

Title: VP – Global Total Rewards

INDEMNIFICATION AGREEMENT, AS AMENDED

AGREEMENT, effective as of _____, between Foot Locker, Inc., a New York corporation (the "Company"), and _____ ("Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available; and

WHEREAS, Indemnitee is a director or officer of the Company; and

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today's environment; and

WHEREAS, basic protection against undue risk of personal liability of directors and officers heretofore has been provided through insurance coverage providing reasonable protection at reasonable cost, and Indemnitee has relied on the availability of such coverage; but as a result of substantial changes in the marketplace for such insurance it generally has become more difficult to obtain such insurance on terms providing reasonable protection at reasonable cost; and

WHEREAS, in response to the conclusion of the Governor's Advisory Commission on Liability Insurance that it is crucial to secure the continued service of competent and experienced people in senior corporate positions and to assure that they will be able to exercise judgment without fear of personal liability so long as they fulfill the basic duties of honesty, care and good faith, the provisions of the New York Business Corporation Law ("BCL") were amended in July 1986 to provide, among other things, for the ability of New York corporations to implement individual indemnification contracts; and

WHEREAS, the By-laws of the Company have been amended to require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and authorize the Company to enter into agreements providing for such indemnification; and

WHEREAS, in recognition of the fact that Indemnitee continues to serve as a director or officer of the Company, in part in reliance on the aforesaid By-laws and Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such By-laws will be available to Indemnitee (regardless of, among other things, any amendment to, or revocation of, such By-laws or any change in the composition of the Company's Board of Directors or any acquisition transaction relating to the Company), and due to the potential inadequacy of the Company's directors' and officers' liability insurance coverage, the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses to, Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

NOW, THEREFORE, in consideration of the premises and of Indemnitee continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions:

(a) Approved Law Firm: shall mean any law firm (i) located in New York City, (ii) having 100 or more attorneys and (iii) rated "av" by Martindale-Hubbell Law Directory; provided, however, that such law firm shall not, for a five-year period prior to the Indemnifiable Event, have been engaged by the Company, an Acquiring Person or Indemnitee.

(b) Board of Directors: shall mean the Board of Directors of the Company.

(c) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20 percent or more of the total voting power represented by the Company's then outstanding Voting Securities (such person being hereinafter referred to as an "Acquiring Person"), or (ii) during any 24-consecutive-month period, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80 percent of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

(d) Claim: shall mean any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

(e) Expenses: shall include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

(f) Indemnifiable Event: shall mean any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation of any type or kind, domestic or foreign, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity. Without limitation of any indemnification provided hereunder, an Indemnitee serving (i) another corporation, partnership, joint venture or trust of which 20 percent or more of the voting power or residual economic interest is held, directly or indirectly, by the Company, or (ii) any employee benefit plan of the Company or any entity referred to in clause (i), in any capacity shall be deemed to be doing so at the request of the Company.

(g) Reviewing Party: shall be (i) the Board of Directors acting by quorum consisting of directors who are not parties to the particular Claim with respect to which Indemnitee is seeking indemnification, or (ii), if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested directors so directs, (A) the Board of Directors upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set forth in Section 2 of this Agreement and in Section 721 of the BCL has been met by Indemnitee or (B) the shareholders upon a finding that Indemnitee has met the applicable standard of conduct referred to in clause (ii)(A) of this definition.

(h) Voting Securities: shall mean any securities of the Company which vote generally in the election of directors.

2. Basic Indemnification Arrangement. If Indemnitee was, is or becomes at any time a party to, or witness or other participant in, or is threatened to be made a party to, or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than 30 days after written demand is presented to the Company, against any and all Expenses, judgments, fines (including excise taxes assessed on an Indemnitee with respect to an employee benefit plan), penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with, or in respect of, such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance (within twenty days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary, (i) Indemnitee shall not be entitled to indemnification pursuant to this Agreement if a judgment or other final adjudication adverse to Indemnitee establishes that Indemnitee's acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or that Indemnitee personally gained in fact a financial profit or other advantage to which Indemnitee was not legally entitled and (ii) prior to a Change in Control Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim.

3. Payment. Notwithstanding the provisions of Section 2, the obligations of the Company under Section 2 (which shall in no event be deemed to preclude any right to indemnification to which Indemnitee may be entitled under Section 723(a) of the BCL) shall be subject to the condition that the Reviewing Party shall have authorized such indemnification in the specific case by having determined that Indemnitee is permitted to be indemnified under the applicable standard of conduct set forth in Section 2 and applicable law. The Company shall promptly call a meeting of the Board of Directors with respect to a Claim and agrees to use its best efforts to facilitate a prompt determination by the Reviewing Party with respect to the Claim. Indemnitee shall be afforded the opportunity to make submissions to the Reviewing Party with respect to the Claim. The obligation of the Company to make an Expense Advance pursuant to Section 2 shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under Section 2 and applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees and undertakes to the full extent required by paragraph (a) of Section 725 of the BCL to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of New York having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

4. Change in Control. If there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Board of Directors who were directors immediately prior to such Change in Control) then (i) all determinations by the Company pursuant to the first sentence of Section 3 hereof and Section 723(b) of the BCL shall be made pursuant to subparagraph (1) or (2) (A) of such Section 723(b) and (ii) with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or By-law of the Company now or hereafter in effect relating to Claims for Indemnifiable Events (including, but not limited to, any opinion to be rendered pursuant to subparagraph (2)(A) of Section 723(b) of the BCL) the Company (including the Board of Directors) shall seek legal advice from (and only from) special, independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company (or any subsidiary of the Company) or the Acquiring Person (or any affiliate or associate of such Acquiring Person) within the last five years (other than in connection with such matters) or Indemnitee. Unless Indemnitee has theretofore selected counsel pursuant to this Section 4 and such counsel has been approved by the Company, any Approved Law Firm shall be deemed to satisfy the requirements set forth above. Such counsel, among other things, shall render its written opinion to the Company, the Board of Directors and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the special, independent counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. As used in this Section 4, the terms "affiliate" and "associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended and in effect on the date of this Agreement.

5. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within twenty days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any claim asserted or action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or By-law of the Company now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

6. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified, to the extent permitted by law, against all Expenses incurred in connection with such Indemnifiable Event. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall, to the extent permitted by law, be on the Company to establish that Indemnitee is not so entitled.

7. No Presumption. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, whether civil or criminal, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

8. Nonexclusivity, Etc. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the By-laws of the Company, the BCL or otherwise. To the extent that a change in the BCL (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the By-laws of the Company and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any director or officer of the Company.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless as-serted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

11. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, By-law or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Specific Performance. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

15. Binding Effect, Etc. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer or director of the Company or of any other enterprise at the Company's request.

16. Severability. The provisions of this Agreement shall be severable if any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

17. Governing Law. This Agreement shall be governed by, and be construed and enforced in accordance with, the laws of the State of New York applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

FOOT LOCKER, INC.

By: _____

Name:

Title:

FOOT LOCKER, INC.

POLICY PROHIBITING INSIDER TRADING

I. INTRODUCTION

In the course of performing your duties as a director, officer, or other team member of Foot Locker, Inc., including its subsidiaries (the "Company"), you may have access to "material nonpublic" information about the Company and other organizations, including vendors and competitors. The U.S. securities laws prohibit you from engaging in any transaction in the Company's or other corporation's securities while you are aware of material nonpublic information concerning that corporation or to disclose (or "tip") material nonpublic information to others (called "tippees") who then trade on that information. Insider trading violators are subject to prosecution and severe punishment.

This Policy Prohibiting Insider Trading (this "Policy") applies to all of the Company's directors and team members. This Policy is intended to promote compliance with the U.S. securities laws and protect the Company and you from the serious liabilities and penalties that could result from violation of these laws.

For purposes of this Policy, references to "trading" and "transactions" include purchases and sales of stocks, bonds, debentures, options, puts, calls, and other securities, as well as sales of stock you acquire by exercising stock options, and other trades you may make pursuant to an investment direction under the Foot Locker 401(k) Plan.

II. STATEMENT OF POLICY

No director, officer, or other team member of the Company who is aware of material nonpublic information about the Company may, directly or through family members or other persons or entities, (a) buy or sell the Company's securities, (b) engage in any other action to take advantage of that information, or (c) disclose that information to others outside the Company, including family members and friends, or suggest that anyone purchase or sell any of the Company's securities.

This Policy also includes organizations other than the Company, including vendors and competitors, where you are aware of material nonpublic information about that organization.

No director, officer, or other team member of the Company may use material nonpublic information about the Company, its vendors, suppliers, and other business partners for personal gain, such as disclosing information about the Company or these other organizations to third parties. Directors, officers, and other team members of the Company may not participate in so-called "expert network" firms that relate to the retail or athletic footwear and apparel industries. As used in this Policy, expert network refers to firms that connect their clients – principally hedge funds and other institutional investors – with persons who have special expertise in their clients' areas of interest.

There is no exception to this Policy for small transactions or those that seem necessary or justifiable for independent reasons, such as the need to raise money to pay taxes or tuition. Transactions outside of the United States, as well as securities of non-U.S. companies, are also covered by this Policy.

III. MATERIAL NONPUBLIC INFORMATION

"Material" information is information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Examples of information that ordinarily would be considered material include materially higher or lower than expected sales or earnings results; the pending acquisition or disposition of a substantial business; projections of future earnings or losses, or other earnings guidance; financings, restructurings, or public or private debt or equity offerings; significant changes in business strategies; a change in dividend policy; senior management changes; and the gain or loss of a significant vendor.

“Nonpublic” information is information that is not generally known or available to the public. All nonpublic information about the Company should be treated confidentially. We consider information about the Company to be available to the public only when it has been disclosed broadly by appropriate methods, such as a press release or a filing with the U.S. Securities and Exchange Commission (the “SEC”), and the investing public has had sufficient time to absorb and evaluate the information. As a general rule, you should consider information to be nonpublic until one business day after public disclosure.

IV. TRANSACTIONS BY FAMILY MEMBERS

The Policy also applies to your family members who reside with you and any family members who do not live in your household but whose transactions in the Company’s securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade). You are responsible for compliance with this Policy by these persons. The SEC and federal prosecutors may presume that trading by family members (including children away at school) is based on information you supplied and treat their transactions as if you had traded yourself.

V. TRADING “WINDOWS” AND PRECLEARANCE REQUIREMENT

Directors and Corporate Officers: You may not engage in any transaction involving the Company’s securities without first pre-clearing the transaction with the General Counsel’s Office. Further, you may only trade in the Company’s securities during the window period that begins one business day after the Company releases year-end or quarterly earnings and ends two weeks before the end of the quarter (the “Trading Window”), unless advised of a shorter Trading Window by the General Counsel’s Office. In general, however, the optimal time for you to trade in the Company’s stock from a securities law standpoint would be during the ten business-day period that begins one business day after earnings are released. Please note that even during the Trading Window you may not initiate a trade in the Company’s securities if you are aware of material nonpublic information about the Company.

Other Restricted Persons: All senior members of the operating, merchant, accounting, finance, legal, human resources, corporate development, investor relations, and corporate communications departments, as well as any other team members in a role that makes it likely they will have involvement with material non-public information (“Other Restricted Persons”) must exercise greater diligence to comply with insider trading prohibitions. The General Counsel’s Office may notify you if you are considered an Other Restricted Person under this Policy. Other Restricted Persons may only trade in the Company’s securities during the Trading Window, unless advised of a shorter Trading Window by the General Counsel’s Office. In general, however, the optimal time for you to trade in the Company’s stock from a securities law standpoint would be during the ten business-day period that begins one business day after earnings are released. Please note that even during the Trading Window you may not initiate a trade in the Company’s securities if you are aware of material nonpublic information about the Company.

All Team Members: No stock option exercises in which the underlying shares will be sold are permitted during the period from the end of each quarter to one business day following the issuance of the quarterly earnings release. In addition, from time to time, the Company, through the General Counsel’s Office, may restrict trading in the Company’s securities (including to specified team members because of their involvement with a project involving material nonpublic information) due to material nonpublic information. In that event, the General Counsel’s Office may notify particular groups or individuals that they should not engage in any transactions involving the Company’s securities and should not disclose to others the fact that the trading window has been closed.

Post-Termination Restriction: Following termination of employment or service on the Board, directors, corporate officers, and Other Restricted Persons shall continue to be subject to the insider trading restrictions on the Company’s stock for a period of 90 days, or for such longer period of time reasonably determined by the Company that the insider is in possession of material non-public information about the Company.

VI. PUBLICLY-TRADED OPTIONS AND HEDGING

Directors, officers, and Other Restricted Persons may never (1) engage in transactions involving publicly-traded options that relate to the Company's securities, or (2) purchase financial instruments (e.g., prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset a decrease in the market value of securities either granted to the director, officer, or Other Restricted Person as part of their compensation or otherwise held, directly or indirectly, by the director, officer, or Other Restricted Person.

No team member may engage in these types of transactions while aware of material nonpublic information about the Company.

VII. MARGIN ACCOUNTS AND PLEDGES OF STOCK

You should be aware that securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when you are aware of material nonpublic information or are otherwise not permitted to trade in the Company's securities, you should be particularly careful in holding Company securities in a margin account or pledging Company securities as collateral for a loan. The sale of Company stock in a margin account or held as collateral for a loan, at times other than those permitted by this Policy, even if involuntary, would violate this Policy and may violate U.S. securities laws.

VIII. POST-TERMINATION TRANSACTIONS

This Policy may continue to apply to your transactions in the Company's securities even after your service with the Company terminates. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Company's securities until that information has become public or is no longer material.

IX. SECTION 16 REPORTING REQUIREMENTS

Directors and executive officers of Foot Locker, Inc. are required to report their transactions in the Company's securities with the SEC within two business days after the transaction. Therefore, in addition to the pre-clearance and trading window procedures provided under this Policy, directors and executive officers are required to confirm the details of their pre-cleared transactions in the Company's securities by providing the information to the General Counsel's Office by the close of business on the same day that the transactions occurs so that the appropriate form can be prepared and timely filed with the SEC. In order to facilitate filing of Section 16 reports, the Company also requests that directors and executive officers provide the Company's Secretary with a power of attorney for this purpose.

X. SANCTIONS AND PENALTIES

The consequences of an insider trading violation can be severe. For example, under U.S. securities laws, individuals may be subject to imprisonment for up to 20 years, criminal fines of up to \$5 million, and civil fines of up to three times the profit gained or loss avoided. Also, team members who fail to comply with this Policy may be subject to Company-imposed sanctions, including immediate termination for cause.

If you disclose material nonpublic information to a person who then trades on the information, you will be subject to the same penalties as the tippee, even if you do not trade and do not profit from the tippee's trading.

XI. RULE 10b5-1 PLANS

There is a procedure under Rule 10b5-1 adopted by the SEC that allows an individual to establish an automatic trading plan (e.g., purchases or sales of stock at pre-determined prices and/or pre-determined times) that may result in trades taking place when they would otherwise not be permitted under this Policy. Trading plans under this rule must be approved by the General Counsel and also meet the SEC's stringent requirements and may be subject to public filing.

Any director or corporate officer who wishes to implement a trading plan must comply with the following procedures:

- Trading plans may only be entered into during a Trading Window and when the insider is otherwise not in possession of material non-public information regarding the Company.
- All trading plans must be pre-cleared with the General Counsel's Office.
- Trading may commence only upon the later of: (1) 90 days following trading plan's adoption or modification; or (2) two business days following the disclosure in a periodic report of the Company's financial results for the fiscal quarter in which the trading plan was adopted or modified (but not to exceed 120 days following plan adoption or modification).
- In the event the insider terminates a trading plan prior to expiration by its terms, the insider shall not be permitted to enter into a new trading plan during the 90-day period following termination of the original plan.
- Multiple, overlapping plans are not permitted.

Transactions effected pursuant to a trading plan will not require further pre-clearance at the time of the transaction if the plan specifies the dates, prices, and amounts of the contemplated trades, or otherwise establishes a formula for determining the dates, prices, and amounts.

XII. EFFECTIVE DATE

The effective date of this Policy is January 29, 2023.

XIII. QUESTIONS

If you have any questions concerning this Policy, please contact the Law Department, as follows:

Jennifer Kraft
Executive Vice President and General Counsel

Erin Conway
Vice President, Deputy General Counsel and Corporate Secretary

FOOT LOCKER, INC. SUBSIDIARIES (1)

The following is a list of subsidiaries of Foot Locker, Inc. as of February 1, 2025, omitting some subsidiaries, which, considered in the aggregate, would not constitute a significant subsidiary.

Name	Jurisdiction of Incorporation
Foot Locker Australia, Inc.	Virginia
Foot Locker Australia Holdings, LLC	Virginia
Foot Locker New Zealand, Inc.	Virginia
Foot Locker New Zealand Holdings, LLC	Virginia
Team Edition Apparel, Inc.	Florida
FL Canada Holdings, Inc.	Delaware
Foot Locker Sourcing, Inc.	Delaware
Foot Locker Services Pte. Ltd.	Singapore
FLE Holdings Coöperatief U.A.	Netherlands
FLE Logistics B.V.	Netherlands
Foot Locker Greece Athletic Goods Ltd.	Greece
FL Finance (Europe) Limited	Ireland
Foot Locker Retail Ireland Limited	Ireland
Foot Locker Europe B.V.	Netherlands
FL Ventures B.V.	Netherlands
Foot Locker Poland Spółka z ograniczoną odpowiedzialnością	Poland
Foot Locker Hungary Kft	Hungary
Foot Locker Romania SRL	Romania
Foot Locker Canada Co.	Canada
Foot Locker Norway B.V.	Netherlands
Foot Locker Denmark B.V.	Netherlands
Runners Point B.V. & Co. KG	Germany
RPG.com GmbH	Germany
Sidestep GmbH	Germany
Runners Point Administration GmbH	Germany
Foot Locker Germany Holdings GmbH	Germany
Foot Locker Germany GmbH & Co. KG	Germany
Foot Locker Germany Administration GmbH	Germany
Foot Locker France S.A.S.	France
Foot Locker Austria GmbH	Austria
Foot Locker Belgium B.V.	Belgium
Foot Locker Czech Republic s.r.o.	Czech Republic
Foot Locker - Artigos Desportivos e de Tempos Livres Lda.	Portugal
Foot Locker Europe.com B.V.	Netherlands
Foot Locker Scandinavia B.V.	Netherlands
Foot Locker Switzerland LLC	Switzerland
Foot Locker U.K. Limited	U.K.
Freedom Sportsline Limited	U.K.

Name	Jurisdiction of Incorporation
Foot Locker Italy S.r.l.	Italy
Foot Locker Netherlands B.V.	Netherlands
Foot Locker Spain S.L.U.	Spain
Foot Locker Asia Pte. Ltd.	Singapore
Foot Locker Japan G.K.	Japan
Foot Locker Korea LLC	South Korea
Hommyo Limited	Hong Kong
atmos Korea Inc.	Korea
Foot Locker Hong Kong Limited	Hong Kong
Foot Locker Specialty, Inc.	New York
Foot Locker Retail, Inc.	New York
FL atmos US, LLC	New York
FL atmos US Holdco, LLC	New York
Foot Locker atmos Japan G.K.	Japan
Eurostar, Inc.	Delaware
Foot Locker Card Services LLC	Virginia
Foot Locker Corporate Services, Inc.	Delaware

(1) Each subsidiary company is 100% owned, directly or indirectly, by Foot Locker, Inc. All subsidiaries are consolidated with Foot Locker, Inc. for accounting and financial reporting purposes.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following registration statements of Foot Locker, Inc. and subsidiaries of our reports dated March 27, 2025, with respect to the consolidated financial statements of Foot Locker, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

Form S-8 No. 333-33120
Form S-8 No. 333-121515
Form S-8 No. 333-144044
Form S-8 No. 333-149803
Form S-8 No. 333-167066
Form S-8 No. 333-171523
Form S-8 No. 333-190680
Form S-8 No. 333-196899
Form S-8 No. 333-267044
Form S-8 No. 333-272007

/s/ KPMG LLP

New York, New York
March 27, 2025

CERTIFICATION

I, Mary N. Dillon, certify that:

1. I have reviewed this Annual Report on Form 10-K of Foot Locker, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

March 27, 2025

/s/ MARY N. DILLON
Chief Executive Officer

CERTIFICATION

I, Michael Baughn, certify that:

1. I have reviewed this Annual Report on Form 10-K of Foot Locker, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

March 27, 2025

/s/ MICHAEL BAUGHN
Chief Financial Officer

FOOT LOCKER, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Foot Locker, Inc. (the "Registrant") for the period ended February 1, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Mary N. Dillon, as Chief Executive Officer of the Registrant and Michael Baughn, as Chief Financial Officer of the Registrant, each hereby certify, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 27, 2025

/s/ MARY N. DILLON

Mary N. Dillon
Chief Executive Officer

/s/ MICHAEL BAUGHN

Michael Baughn
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the company specifically incorporates it by reference.