

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **November 29, 2023**

Foot Locker, Inc.

(Exact name of registrant as specified in charter)

New York
(State or other jurisdiction
of incorporation)

1-10299
(Commission
File Number)

13-3513936
(IRS Employer
Identification No.)

330 West 34th Street, New York, New York 10001
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(212) 720-3700**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 per share	FL	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 29, 2023, Foot Locker, Inc. (the “Company”) issued a press release (the “Press Release”) announcing its third quarter 2023 financial and operating results. A copy of the Press Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K, which, in its entirety, is incorporated herein by reference.

The Company is hosting a conference call on November 29, 2023 to discuss its third quarter 2023 financial and operating results, during which the Company will provide an update on the business.

The Company is making reference to financial measures not presented in accordance with U.S. generally accepted accounting principles (“GAAP”) in the Press Release, an investor presentation concerning its third quarter 2023 financial and operating results (the “Investor Presentation”), and a conference call. A reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the Press Release. The Company believes these non-GAAP financial measures provide useful information to investors because they allow for a more direct comparison of its third quarter 2023 performance to its performance in the comparable prior-year period. The non-GAAP financial measures are provided in addition to, and not as an alternative to, the Company’s reported results prepared in accordance with GAAP. A reconciliation to GAAP is provided in the Condensed Consolidated Statements of Operations.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

In conjunction with the Press Release, the Company also made available the Investor Presentation. The Investor Presentation, which is available under the “Investor Relations” section of the Company’s corporate website, located at investors.footlocker-inc.com, is included as Exhibit 99.2 to this Current Report on Form 8-K, which, in its entirety, is incorporated herein by reference. Information on the Company’s corporate website is not, and will not be deemed to be, a part of this Current Report on Form 8-K or incorporated into any other filings the Company may make with the U.S. Securities and Exchange Commission.

The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated November 29, 2023.
99.2	Investor Presentation, dated November 29, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FOOT LOCKER, INC.

Date: November 29, 2023

By: /s/ Michael Baughn

Name: Michael Baughn

Title: Executive Vice President and
Chief Financial Officer

FOOT LOCKER, INC.

NEWS RELEASE

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FOOT LOCKER, INC. REPORTS 2023 THIRD QUARTER RESULTS; NARROWS 2023 OUTLOOK

- **Total Sales Decreased 8.6%; Comparable-Store Sales Decreased 8.0%**
 - **EPS of \$0.30 and Non-GAAP EPS of \$0.30**
 - **Narrowing 2023 Sales and Earnings Guidance Range**
- **Investing in Basketball with NBA Partnership and Home Court Initiative**
 - **Strategically Entering India with License Partners**

NEW YORK, NY, November 29, 2023 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its third quarter ended October 28, 2023.

Mary Dillon, President and Chief Executive Officer, said, “We delivered third quarter results that were ahead of our expectations as strong execution and early progress against our Lace Up plan improved conversion trends across channels. Looking forward, we are updating our outlook to reflect the momentum we have in our strategic initiatives into the fourth quarter, which includes strong results over the Thanksgiving week period, against the backdrop of ongoing consumer uncertainty. As such, we are narrowing our 2023 outlook and still expect to end the year with inventory levels flat to down slightly, as compared with the prior year.”

Ms. Dillon continued, “As we move into the fourth quarter, we are thrilled to be partnering with the NBA as an official league marketing partner in the U.S. Combined with the recent rollout of our Home Court experience, we believe this will drive deeper engagement with our customers and cement Foot Locker’s leadership at the center of basketball and sneaker culture. We look forward to rounding out our reset year and building on our progress in 2024 and beyond, and we are confident we are on the right path to delivering longer-term shareholder value.”

Third Quarter Results

- Total sales decreased by 8.6%, to \$1,986 million, as compared with sales of \$2,173 million in the third quarter of 2022. Excluding the effect of foreign exchange rate fluctuations, total sales for the third quarter decreased by 10.0%.
- Comparable-store sales decreased by 8.0%, driven by ongoing consumer softness, changing vendor mix, and a 3% negative impact from the repositioning of Champs Sports.

Please refer to the Sales by Banner table below for detailed sales performance by banner and region.

- Gross margin declined by 470 basis points as compared with the prior-year period, driven by higher markdowns as well as occupancy deleverage and higher shrink.

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- SG&A increased by 100 basis points as a percentage of sales compared with the prior-year period, with savings from the cost optimization program more than offset by underlying deleverage on the sales decline, inflation, and investments in front-line wages and technology.
- Net income was \$28 million in the third quarter, as compared with net income of \$96 million in the corresponding prior-year period. On a Non-GAAP basis, net income was \$28 million, as compared with \$121 million in the corresponding prior-year period.
- For the quarter, the Company had earnings of \$0.30 per share, as compared with \$1.01 per share in the third quarter of 2022. Non-GAAP earnings per share decreased to \$0.30 per share, as compared with \$1.27 per share in the corresponding prior-year period.

See the tables below for the reconciliation of Non-GAAP measures.

Balance Sheet

At quarter-end, the Company's cash and cash equivalents totaled \$187 million, while debt on its balance sheet was \$449 million.

As of October 28, 2023, the Company's merchandise inventories were \$1.9 billion, 10.5% higher than at the end of the third quarter last year, including an approximate 6.0% impact from the strategic pull-forward of inventory into the third quarter to best position the Company for the upcoming holiday season. Excluding the effect of foreign currency fluctuations, merchandise inventories increased by 9.9% as compared with the third quarter of last year.

Dividend and Share Repurchases

During the third quarter of 2023, the Company paid a quarterly dividend of \$0.40 per share for a total of \$38 million.

As previously announced, the Company has paused dividends to increase balance sheet flexibility in support of longer-term strategic initiatives.

The Company did not repurchase any shares during the third quarter.

Investing in Basketball Leadership

On November 16, 2023, Foot Locker and the National Basketball Association (NBA) announced a multi-year partnership under which Foot Locker will serve as an official league marketing partner in the U.S. This collaboration, which builds on a partnership history dating back to 1999, will enable Foot Locker to meaningfully engage with fans throughout the NBA season – including at marquee league events such as NBA All-Star – while celebrating the intersection of basketball and sneaker culture.

Foot Locker also will receive media exposure across league platforms, including on-court virtual signage during national broadcasts and on NBA social media channels. Additionally, the partnership will be extended to Foot Locker's loyalty program, FLX, providing additional connection points for customers throughout the season.

In early November, Foot Locker rolled out its new global platform, The Heart of Sneakers, featuring a star-studded range of NBA talent including Nike's Kevin Durant, adidas' Anthony Edwards, Puma's LaMelo Ball and Under Armour's Steph Curry, in an engaging holiday campaign. The NBA partnership – supported by authentic brand campaigns – underscores Foot Locker's rich history and longstanding connection to basketball and sneaker culture.

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Foot Locker also recently began rolling out its Home Court experience in select locations in the U.S. Home Court brings the excitement and passion of basketball to customers in a multi-branded concept designed with elevated merchandising and storytelling. By creating distinct, basketball-led experiences for its customers, as well as players, fans, creators and sneakerheads, Foot Locker is investing in its basketball leadership while also supporting category growth across its brand partners.

Announcing Entry into India

As part of its efforts to pursue growth through license partners in newer markets, while still focusing on core banners and regions, Foot Locker also announced today its entry into India in 2024. The Company has entered into long-term licensing agreements with two strong operators in India – Metro Brands Limited (MBL), one of India’s largest footwear and accessories specialty retailers, and Nykaa Fashion, a highly curated fashion and ecommerce destination showcasing #FirstInFashion selections from both domestic and global brands, attracting over 17.6 million monthly visitors. Under the terms of the agreements, MBL is granted exclusive rights to own and operate Foot Locker stores within India and to sell authorized merchandise in Foot Locker stores. Nykaa Fashion will be the exclusive ecommerce partner and will operate the Foot Locker India website as well as retail authorized merchandise on a Foot Locker branded shop on the Nykaa platform.

These agreements will enable Foot Locker to efficiently access the large and growing sneaker market in India, consistent with the Company’s efforts to strategically pursue growth opportunities in new markets, expand sneaker culture globally and bring Foot Locker’s elevated, multi-brand experiences and strong vendor partnerships to even more people around the world.

Store Base Update

During the third quarter, the Company opened 22 new stores, remodeled, or relocated 36 stores, and closed 14 stores.

As of October 28, 2023, the Company operated 2,607 stores in 26 countries in North America, Europe, Asia, Australia, and New Zealand. In addition, 190 franchised stores were operating in the Middle East and Asia.

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2023 Financial Outlook

Fiscal year 2023 represents the 53 weeks ending February 3, 2024. The Company's full year 2023 outlook, which includes the 53rd week, is summarized in the table below.

Note the Company still intends to update the market on its longer-term financial targets and updated capital allocation plans when it reports fourth quarter results.

Metric	Prior Full Year Guidance	Updated Full Year Guidance	Fourth Quarter Guidance	Commentary
Sales Change	Down 8.0% to 9.0%	Down 8.0% to 8.5%	Down 2.0% to 4.0%	Includes 1% annual lift from the 53rd week
Comparable Sales Change	Down 9.0% to 10.0%	Down 8.5% to 9.0%	Down 7.0% to 9.0%	
Store Count Change	Down ~9%	Down ~7%		Delayed timing of store closures
Square Footage Change	Down ~4%	Down ~2%		
Licensing Revenue	~\$17 million	~\$15 million	~\$5 million	
Gross Margin	27.8% to 28.0%	27.8%-27.9%	27.0% to 27.2%	
SG&A Rate	22.7% to 22.9%	22.8%-22.9%	22.7% to 23.0%	
D&A	~\$203 million	~\$200 million	~\$50 million	
Interest	~\$12 million	~\$11 million	~\$4 million	
Non-GAAP Tax Rate	~33.0%	~36.0%	~33.0%-34.0%	
Non-GAAP EPS	\$1.30-\$1.50	\$1.30-\$1.40	\$0.26-\$0.36	Includes \$0.11 from the 53rd week
Adj. Capital Expenditures*	~\$290 million	~\$275 million		Project timing

* *Adjusted Capex includes capitalized Technology expense*

The Company provides earnings guidance only on a non-GAAP basis and does not provide a reconciliation of the Company's forward-looking capital expenditures and diluted earnings per share guidance to the most directly comparable GAAP financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.

Conference Call and Webcast

The Company is hosting a live conference call at 9:00 a.m. ET today, November 29, 2023, to review these results and provide an update on the business. An investor presentation will be available under the Investor Relations section of the Company's corporate website before the start of the conference call. This conference call may be accessed live by calling toll-free 1-844-701-1163 or international toll 1-412-317-5490, or via the Investor Relations section of footlocker-inc.com. Please log on to the website 15 minutes prior to the call to register. An archived replay of the conference call can be accessed approximately one hour following the end of the call at 1-877-344-7529 in the U.S., 1-855-669-9658 in Canada, and 1-412-317-0088 internationally with passcode 5718718 through December 13, 2023. A replay of the call will also be available via webcast from footlocker-inc.com.

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Disclosure Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Other than statements of historical facts, all statements which address activities, events, or developments that the Company anticipates will or may occur in the future, including, but not limited to, such things as future capital expenditures, expansion, strategic plans, financial objectives, dividend payments, stock repurchases, financial outlook, and other such matters, are forward-looking statements. These forward-looking statements are based on many assumptions and factors, which are detailed in the Company's filings with the U.S. Securities and Exchange Commission.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. For additional discussion regarding risks and uncertainties that may affect forward-looking statements, see "Risk Factors" disclosed in the Company's Annual Report on Form 10-K for the year ended January 28, 2023, filed on March 27, 2023. Any changes in such assumptions or factors could produce significantly different results. The Company undertakes no obligation to update the forward-looking statements, whether as a result of new information, future events, or otherwise.

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FOOT LOCKER, INC.

Condensed Consolidated Statements of Operations (unaudited)

Periods ended October 28, 2023 and October 29, 2022
(In millions, except per share amounts)

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Sales	\$ 1,986	\$ 2,173	\$ 5,774	\$ 6,413
Licensing revenue	3	3	10	9
Total revenue	1,989	2,176	5,784	6,422
Cost of sales	1,443	1,477	4,149	4,323
Selling, general and administrative expenses	446	467	1,319	1,382
Depreciation and amortization	47	52	148	157
Impairment and other	6	20	59	38
Income from operations	47	160	109	522
Interest expense, net	(2)	(3)	(7)	(13)
Other income / (expense), net	2	(14)	(1)	(33)
Income before income taxes	47	143	101	476
Income tax expense	19	47	42	154
Net income	28	96	59	322
Net loss attributable to noncontrolling interests	—	—	—	1
Net income attributable to Foot Locker, Inc.	\$ 28	\$ 96	\$ 59	\$ 323
Diluted earnings per share	\$ 0.30	\$ 1.01	\$ 0.63	\$ 3.38
Weighted-average diluted shares outstanding	94.7	94.7	94.9	95.7

Non-GAAP Financial Measures

In addition to reporting the Company's financial results in accordance with generally accepted accounting principles ("GAAP"), the Company reports certain financial results that differ from what is reported under GAAP. Non-GAAP financial measures that will be presented will exclude (i) gains or losses related to our minority investments, (ii) impairments and other, and (iii) certain tax matters that we believe are nonrecurring or unusual in nature.

Certain financial measures are identified as non-GAAP, such as sales changes excluding foreign currency fluctuations, adjusted income before income taxes, adjusted net income, and adjusted diluted earnings per share. We present certain amounts as excluding the effects of foreign currency fluctuations, which are also considered non-GAAP measures. 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 business that are not related to currency movements.

These non-GAAP measures are presented because we believe they assist investors in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core business or affect comparability. In addition, these non-GAAP measures are useful in assessing our progress in achieving our long-term financial objectives and are consistent with how executive compensation is determined.

We estimate the tax effect of all non-GAAP adjustments by applying a marginal tax rate to each item. The income tax items represent the discrete amount that affected the period. The non-GAAP financial information is provided in addition, and not as an alternative, to our reported results prepared in accordance with GAAP. The various non-GAAP adjustments are summarized in the tables below.

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FOOT LOCKER, INC.

Non-GAAP Reconciliation (unaudited)

Periods ended October 28, 2023 and October 29, 2022

(In millions, except per share amounts)

Reconciliation of GAAP to non-GAAP results:

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Pre-tax income:				
Income before income taxes	\$ 47	\$ 143	\$ 101	\$ 476
Pre-tax adjustments excluded from GAAP:				
Impairment and other (1)	6	20	59	38
Other income / expense (2)	(5)	14	(6)	32
Adjusted income before income taxes (non-GAAP)	\$ 48	\$ 177	\$ 154	\$ 546
After-tax income:				
Net income attributable to Foot Locker, Inc.	\$ 28	\$ 96	\$ 59	\$ 323
After-tax adjustments excluded from GAAP:				
Impairment and other, net of income tax benefit of \$2, \$5, \$11, and \$10 million, respectively (1)	4	15	48	28
Other income / expense, net of income tax (expense)/benefit of \$(1), \$4, \$(1), and \$7 million, respectively (2)	(4)	10	(5)	25
Tax reserves benefit / charge (3)	—	—	(4)	5
Adjusted net income (non-GAAP)	\$ 28	\$ 121	\$ 98	\$ 381

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Earnings per share:				
Diluted earnings per share	\$ 0.30	\$ 1.01	\$ 0.63	\$ 3.38
Diluted EPS amounts excluded from GAAP:				
Impairment and other (1)	0.04	0.16	0.51	0.29
Other income / expense (2)	(0.04)	0.10	(0.06)	0.26
Tax reserves benefit / charge (3)	—	—	(0.04)	0.05
Adjusted diluted earnings per share (non-GAAP)	\$ 0.30	\$ 1.27	\$ 1.04	\$ 3.98

Notes on Non-GAAP Adjustments:

- For the third quarter of 2023, impairment and other included \$7 million of reorganization costs, primarily related to severance and transformation consulting expense of \$1 million. Additionally in the quarter, we recorded a \$3 million net benefit from the settlement of lease obligations associated with Sidestep stores, partially offset by impairment on atmos U.S. assets of \$1 million. For year-to-date 2023, impairment and other included transformation consulting expense of \$27 million, impairment charges of \$19 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$12 million of reorganization costs, related to severance and the closure of the Sidestep banner, certain Foot Locker Asia stores, and a North American distribution center. For the third quarter of 2022, impairment and other charges included \$17 million of transformation consulting, \$2 million of severance costs for the closure of a North American distribution center, and \$1 million of acquisition integration costs. For year-to-date 2022, impairment and other charges included \$27 million of transformation consulting, \$5 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges, \$4 million of acquisition integration costs, and \$2 million of severance costs related to the distribution center closure.
- For the third quarter of 2023, other income / expense consisted of a \$3 million gain from the sale of a North American corporate office property and an additional \$2 million gain from the second quarter sale of our Singapore and Malaysian Foot Locker businesses to our license partner. The 2023 year-to-date period also included \$1 million of our share of losses related to equity method investments. Other income / expense for the third quarter of 2022 primarily consisted of a \$15 million loss on minority investments, primarily due to a change in fair value of the investment in Retailors, Ltd., a publicly-listed entity, partially offset by an additional \$1 million gain on the divestiture of the Team Sales business that occurred in the second quarter. The year-to-date 2022 amount includes \$52 million of losses on minority investments, primarily from Retailors, Ltd., a \$19 million gain on the Team Sales business divestiture, and \$1 million of dividend income.
- In the first quarter of 2023, the Company recorded a \$4 million benefit related to income tax reserves due to a statute of limitations release. In the second quarter of 2022, the Company recorded a \$5 million charge related to income tax reserves due to the resolution of a foreign tax settlement.

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FOOT LOCKER, INC.

Sales by Banner (unaudited)

Periods ended October 28, 2023 and October 29, 2022
(In millions)

	Third Quarter				Year-to-Date			
	2023	2022	Constant Currencies	Comparable Sales	2023	2022	Constant Currencies	Comparable Sales
Foot Locker	\$ 796	\$ 852	(6.5)%	(4.9)%	\$ 2,244	\$ 2,411	(6.5)%	(5.0)%
Champs Sports	311	406	(23.4)	(20.9)	932	1,266	(26.1)	(23.6)
Kids Foot Locker	189	181	4.4	5.0	502	516	(2.7)	(2.4)
WSS	163	162	0.6	(9.4)	458	438	4.6	(7.0)
Other	1	21	n.m.	n.m.	1	111	n.m.	n.m.
North America	1,460	1,622	(10.0)	(9.5)	4,137	4,742	(12.5)	(11.5)
Foot Locker	407	392	(5.6)	(3.9)	1,202	1,173	(0.6)	(1.3)
Sidestep	—	20	n.m.	n.m.	26	69	(63.8)	(38.3)
EMEA	407	412	(10.2)	(4.2)	1,228	1,242	(4.1)	(2.5)
Foot Locker	81	99	(16.2)	(1.2)	281	292	-	6.3
atmos	38	40	5.0	0.8	128	137	(0.7)	(2.8)
Asia Pacific	119	139	(10.1)	(0.5)	409	429	(0.2)	3.4
Total	\$ 1,986	\$ 2,173	(10.0)%	(8.0)%	\$ 5,774	\$ 6,413	(10.0)%	(8.9)%

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FOOT LOCKER, INC.

Condensed Consolidated Balance Sheets (unaudited) (In millions)

	October 28, 2023	October 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 187	\$ 351
Merchandise inventories	1,862	1,685
Other current assets	325	302
	2,374	2,338
Property and equipment, net	884	897
Operating lease right-of-use assets	2,182	2,449
Deferred taxes	91	65
Goodwill	763	764
Other intangible assets, net	407	424
Minority investments	630	722
Other assets	89	103
	\$ 7,420	\$ 7,762
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 593	\$ 522
Accrued and other liabilities	369	455
Current portion of long-term debt and obligations under finance leases	6	6
Current portion of lease obligations	491	539
	1,459	1,522
Long-term debt and obligations under finance leases	443	448
Long-term lease obligations	1,994	2,212
Other liabilities	319	321
Total liabilities	4,215	4,503
Total shareholders' equity	3,205	3,259
	\$ 7,420	\$ 7,762

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FOOT LOCKER, INC.

Condensed Consolidated Statement of Cash Flows (unaudited) (In millions)

(\$ in millions)	Thirty-nine weeks ended	
	October 28, 2023	October 29, 2022
From operating activities:		
Net income	\$ 59	\$ 322
Adjustments to reconcile net income to net cash from operating activities:		
Non-cash impairment and other	20	5
Fair value adjustments to minority investments	—	52
Depreciation and amortization	148	157
Deferred income taxes	(5)	14
Share-based compensation expense	9	25
Gain on sales of businesses	(4)	(19)
Gain on sale of property	(3)	—
Change in assets and liabilities:		
Merchandise inventories	(249)	(466)
Accounts payable	110	(58)
Accrued and other liabilities	(131)	(46)
Other, net	(52)	(18)
Net cash used in operating activities	(98)	(32)
From investing activities:		
Capital expenditures	(165)	(218)
Purchase of business, net of cash acquired	—	(18)
Minority investments	(2)	(5)
Proceeds from sales of businesses	16	47
Proceeds from minority investments	—	12
Proceeds from sale of property	6	—
Net cash used in investing activities	(145)	(182)
From financing activities:		
Dividends paid on common stock	(113)	(113)
Purchase of treasury shares	—	(129)
Payment of obligations under finance leases	(5)	(5)
Shares of common stock repurchased to satisfy tax withholding obligations	(10)	(1)
Treasury stock reissued under employee stock plan	3	3
Proceeds from exercise of stock options	5	4
Contribution from non-controlling interest	—	4
Net cash used in financing activities	(120)	(237)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	4	(6)
Net change in cash, cash equivalents, and restricted cash	(359)	(457)
Cash, cash equivalents, and restricted cash at beginning of year	582	850
Cash, cash equivalents, and restricted cash at end of period	\$ 223	\$ 393

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FOOT LOCKER, INC.

Store Count and Square Footage (unaudited)

Store activity is as follows:

	January 28, 2023	Opened	Closed	October 28, 2023	Relocations/ Remodels
Foot Locker U.S.	747	2	9	740	24
Foot Locker Canada	86	—	2	84	4
Champs Sports	486	1	12	475	6
Kids Foot Locker	394	2	4	392	9
WSS	115	16	2	129	—
Footaction	2	—	1	1	—
North America	1,830	21	30	1,821	43
Foot Locker Europe (1)	644	24	26	642	17
Sidestep	78	—	78	—	—
EMEA	722	24	104	642	17
Foot Locker Pacific	94	4	1	97	10
Foot Locker Asia	33	—	20	13	—
atmos	35	1	2	34	—
Asia Pacific	162	5	23	144	10
Total	2,714	50	157	2,607	70

Selling and gross square footage are as follows:

(in thousands)	October 29, 2022		October 28, 2023	
	Selling	Gross	Selling	Gross
Foot Locker U.S.	2,382	4,105	2,383	4,063
Foot Locker Canada	248	408	250	412
Champs Sports	1,879	2,940	1,778	2,792
Kids Foot Locker	751	1,267	760	1,271
WSS	1,067	1,341	1,332	1,600
Footaction	29	51	3	6
North America	6,356	10,112	6,506	10,144
Foot Locker Europe (1)	1,148	2,371	1,190	2,433
Sidestep	100	189	-	-
EMEA	1,248	2,560	1,190	2,433
Foot Locker Pacific	204	315	235	356
Foot Locker Asia	126	233	52	98
atmos	37	66	35	61
Asia Pacific	367	614	322	515
Total	7,971	13,286	8,018	13,092

(1) Includes 16 and 14 Kids Foot Locker stores, and the related square footage, operating in Europe for January 28, 2023 and October 28, 2023, respectively.

- END -

FOOT LOCKER, INC.

**THIRD QUARTER 2023
EARNINGS RESULTS**

NOVEMBER 29, 2023

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This investor presentation 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 merchandise; inventory management; our ability to fund our planned capital investments; a recession, volatility in the financial markets, and other global economic factors, including inflation; difficulties in appropriately allocating capital and resources among our strategic opportunities; our ability to realize the expected benefits from acquisitions; business opportunities and expansion; investments; expenses; dividends; share repurchases; cash management; liquidity; cash flow from operations; our ability to access the credit markets at competitive terms; borrowing capacity under our credit facility; repatriation of cash to the United States; supply chain issues; labor shortages and wage pressures; consumer spending levels; licensed store arrangements; the effect of certain governmental assistance programs; the success of our marketing and sponsorship arrangements; expectations regarding increasing global taxes; 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, including, but not limited to climate change; increased competition; geopolitical events; the financial effect of accounting regulations and critical accounting policies; credit risk relating to the risk of loss as a result of non-performance by our counterparties; and any other factors 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 investor presentation. 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 the Annual Report 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 investor presentation, 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.

Non-GAAP Measures – Amounts used in this presentation are on a Non-GAAP basis, a reconciliation is included in the Appendix.



Third QUARTER

2023 RESULTS

FOOT LOCKER, INC.



THIRD QUARTER 2023 HIGHLIGHTS

COMP SALES

-8.0%

Total sales -8.6%
Constant FX -10.0%

Comps by Region

NA	-9.5%
EMEA	-4.2%
APAC	-0.5%

Gross margin

-470 bps

On Markdowns and Occupancy

SG&A rate

+100 bps

Inflation and Investments

Inventory
remains up
but moderating

+10.5%

Year-over-year

GAAP EPS

\$0.30

Non-GAAP EPS*

\$0.30

* A reconciliation to GAAP is provided in the Appendix

FOOT LOCKER, INC.

3Q GLOBAL COMP DETAIL



Footwear
Down High-Single Digits



Apparel
Down Mid-Teens



Accessories
Up Low-Single Digits

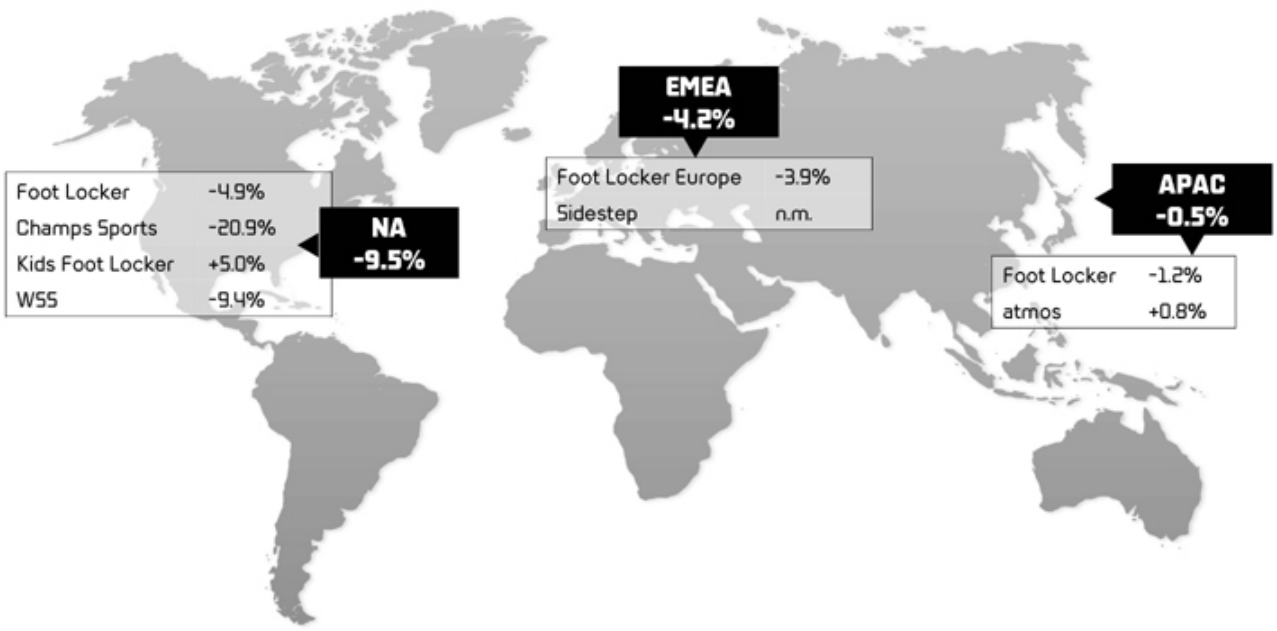
Down
High-Single Digits
August

Down
High-Single Digits
September

Down
Mid-Single Digits
October

Note: Data is on comp basis. Category data is ex-WSS/atmos, while monthly data includes WSS/atmos.

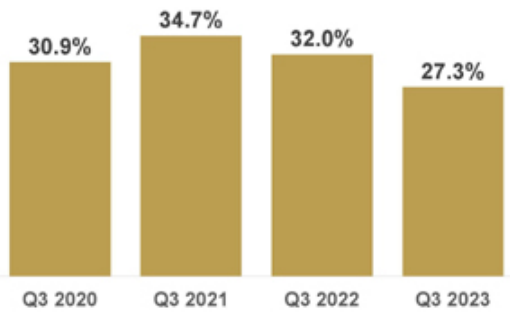
FOOT LOCKER, INC.



FOOT LOCKER, INC.

THIRD QUARTER 2023 GROSS MARGIN AND SG&A RATE

GROSS MARGIN (% of sales)

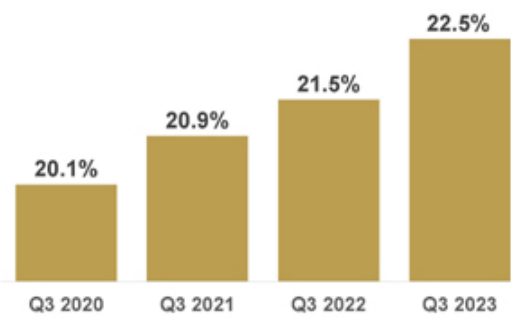


Down 470 bps Vs. Last Year

Key Drivers

- Merchandise Margin Fell 370 Bps on Higher Markdowns and Increase in Shrink
- Occupancy Deleveraged 100 Bps

SG&A EXPENSES (% of sales)



Up 100 bps Vs. Last Year

Key Drivers

- Benefits From Cost Optimization
- Offset By Deleveraging on Sales Decline, Inflation, Wage Investments, and Technology

FOOT LOCKER, INC.

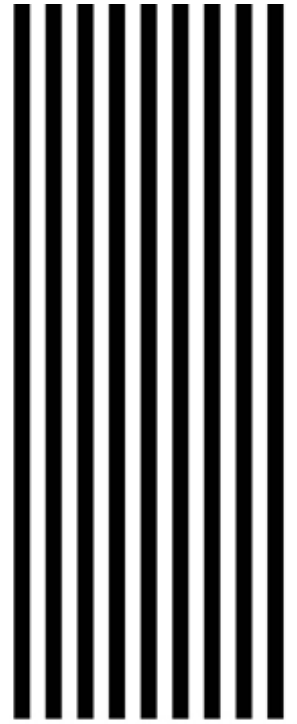


Metric	Prior Outlook	Updated Outlook	Fourth Quarter Outlook	Commentary
Total Sales	Down 8.0% to 9.0%	Down 8.0% to 8.5%	Down 2.0% to 4.0%	Including 1% annual lift from the 53 rd week
Comp Sales	Down 9.0% to 10.0%	Down 8.5% to 9.0%	Down 7.0% to 9.0%	
Store Count	Down -9%	Down -7%		Delayed timing of store closures
Square Footage	Down -4%	Down -2%		
Licensing Revenue	-\$17 million	~\$15 million	-\$5 million	
Gross Margin	27.8%-28.0%	27.8%-27.9%	27.0% to 27.2%	
SG&A Rate	22.7%-22.9%	22.8%-22.9%	22.7% to 23.0%	
D&A	-\$203 million	-\$200 million	-\$50 million	
Net Interest	-\$12 million	-\$11 million	-\$4 million	
Non-GAAP Tax Rate	-33.0%	-36.0%	-33.0% to 34.0%	
Non-GAAP EPS	\$1.30-\$1.50	\$1.30-\$1.40	\$0.26-\$0.36	Includes \$0.11 from the 53 rd week
Capital Expenditures	-\$290 million	-\$275 million		Project timing

FOOT LOCKER, INC.



Our Lace Up Plan

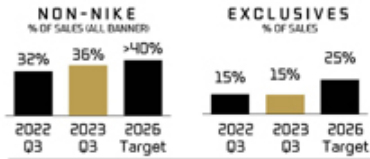


FOOT LOCKER, INC.

Our Lace Up Progress in 3Q23

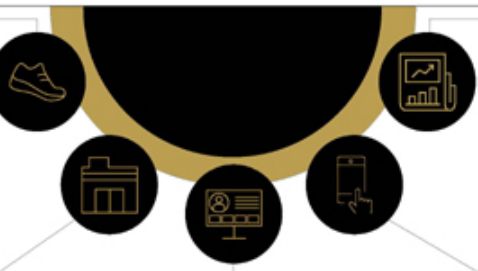
Expand Sneaker Culture

Increase our array of brands to expand sneaker culture



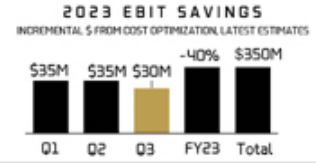
Power Up Our Portfolio

Transform our store footprint through new concepts and footprint optimization



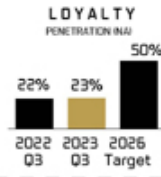
Create Value for All Stakeholders

Create lasting value for our communities, team members, and investors



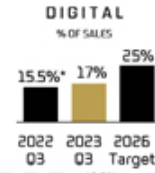
Deepen Our Relationship with Customers

Drive deeper customer engagement, and utilize data to better serve our customers



Be Best-in-Class Omni

Make the customer journey more dynamic, personalized, and seamless



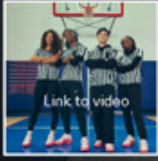
*16.3% penetration with Eastbay

FOOT LOCKER, INC.

KEVIN DURANT

ANTHONY EDWARDS

THE LAUNCH OF BRAND PLATFORM DROVE ~1B+ IMPRESSIONS & POSITIVE RESULTS IN OUR BUSINESS



THE HEART OF SNEAKERS LAUNCH

LAMELO BALL

ENISA



FOOT LOCKER & NBA MEETING AT THE INTERSECTION OF BASKETBALL & SNEAKER CULTURE.

BROADCAST MEDIA

ACTIVATION
ALL-STAR WEEKEND



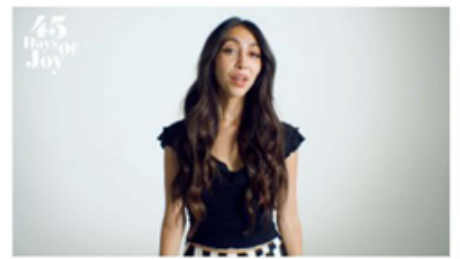
Official Partner of the NBA


EXCLUSIVE
CONTENT

NBA OWNED
CHANNELS +
EMERGING MEDIA



WSS
More Joy for Everyone | **Más Alegría Para Todos**
 Our bilingual Integrated Holiday Campaign videos hit ~6M impressions creating momentum into Black Friday and Holiday Shopping Season.





Foot Locker is the leader and originator of sneaker culture

WITH THE RIGHT FOCUS, INVESTMENT AND CAPABILITIES, WE WILL DRIVE STEADY, LONG-TERM PROFITABLE GROWTH

LACING UP FOR THE FUTURE



Strong Assets To Leverage



Operate In An Exciting, Growing Market



New Insights And Opportunities To Grow

FOOT LOCKER, INC.

FOOT LOCKER VISION

Foot Locker Unlocks The
"Inner Sneakerhead" In All Of Us –
Sparking Discovery And Igniting The Power Of
Sneaker Culture.

Foot Locker

Bring the best of sneaker culture to all

Kids Foot Locker

Recruit the next generation



Serve the active athlete



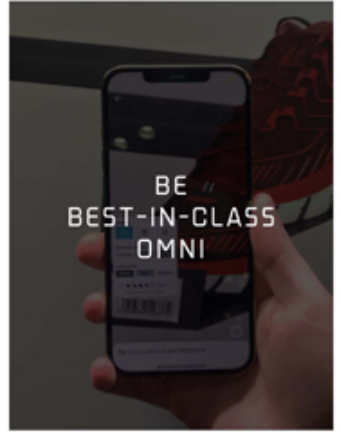
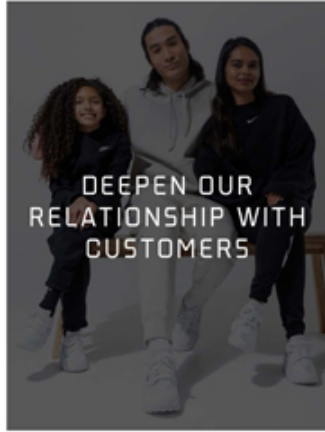
Celebrate the Hispanic community

atmos

Share Japanese street and sneaker culture

FOOT LOCKER, INC.

Our "Lace Up" Plan



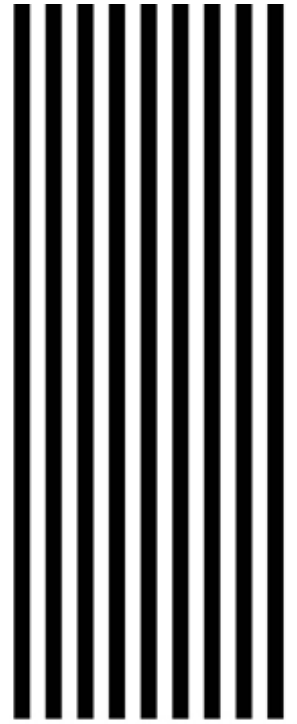
CREATE VALUE FOR ALL STAKEHOLDERS (CUSTOMERS, COMMUNITY, TEAM MEMBERS, & INVESTORS)



FOOT LOCKER, INC.



APPENDIX



FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Pre-tax income:				
Income before income taxes	\$ 47	\$ 143	\$ 101	\$ 476
Pre-tax adjustments excluded from GAAP:				
Impairment and other ⁽¹⁾	6	20	59	38
Other income / expense ⁽²⁾	(5)	14	(6)	32
Adjusted income before income taxes (non-GAAP)	\$ 48	\$ 177	\$ 154	\$ 546
After-tax income:				
Net income attributable to Foot Locker, Inc.	\$ 28	\$ 96	\$ 59	\$ 323
After-tax adjustments excluded from GAAP:				
Impairment and other, net of income tax benefit of \$2, \$5, \$11, and \$10 million, respectively ⁽¹⁾	4	15	48	28
Other income / expense, net of income tax (expense)/benefit of \$(1), \$4, \$(1), and \$7 million, respectively ⁽²⁾	(4)	10	(5)	25
Tax reserves benefit / charge ⁽³⁾	—	—	(4)	5
Adjusted net income (non-GAAP)	\$ 28	\$ 121	\$ 98	\$ 381

FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations (cont.)

	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Earnings per share:				
Diluted earnings per share	\$ 0.30	\$ 1.01	\$ 0.63	\$ 3.38
Diluted EPS amounts excluded from GAAP:				
Impairment and other ⁽¹⁾	0.04	0.16	0.51	0.29
Other income / expense ⁽²⁾	(0.04)	0.10	(0.06)	0.26
Tax reserves benefit / charge ⁽³⁾	—	—	(0.04)	0.05
Adjusted diluted earnings per share (non-GAAP)	\$ 0.30	\$ 1.27	\$ 1.04	\$ 3.98

Notes on Non-GAAP Adjustments:

- For the third quarter of 2023, impairment and other included \$7 million of reorganization costs, primarily related to severance and transformation consulting expense of \$1 million. Additionally in the quarter, we recorded a \$3 million net benefit from the settlement of lease obligations associated with Sidestep stores, partially offset by impairment on intangible assets of \$1 million. For year-to-date 2023, impairment and other included transformation consulting expense of \$27 million, impairment charges of \$19 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$12 million of reorganizations costs, related to severance and the closure of the Sidestep banner, certain Foot Locker Asia stores, and a North American distribution center.
For the third quarter of 2022, impairment and other charges included \$17 million of transformation consulting, \$2 million of severance costs for the closure of a North American distribution center, and \$1 million of acquisition integration costs. For year-to-date 2022, impairment and other charges included \$27 million of transformation consulting, \$5 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges, \$4 million of acquisition integration costs, and \$2 million of severance costs related to the distribution center closure.
- For the third quarter of 2023, other income / expense consisted of a \$3 million gain from the sale of a North American corporate office property and an additional \$2 million gain from the second quarter sale of our Singapore and Malaysian Foot Locker businesses to our license partner. The 2023 year-to-date period also included \$1 million of our share of losses related to equity method investments.
Other income / expense for the third quarter of 2022 primarily consisted of a \$15 million loss on minority investments, primarily due to a change in fair value of the investment in Retailors, Ltd., a publicly-listed entity, partially offset by an additional \$1 million gain on the divestiture of the Team Sales business that occurred in the second quarter. The year-to-date 2022 amount includes \$52 million of losses on minority investments, primarily from Retailors, Ltd., a \$19 million gain on the Team Sales business divestiture, and \$1 million of dividend income.
- In the first quarter of 2023, the Company recorded a \$4 million benefit related to income tax reserves due to a statute of limitations release. In the second quarter of 2022, the Company recorded a \$5 million charge related to income tax reserves due to the resolution of a foreign tax settlement.

The Company provides earnings guidance only on a non-GAAP basis and does not provide a reconciliation of the Company's forward-looking guidance to the most directly comparable GAAP financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.

FOOT LOCKER, INC.