

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): **March 6, 2024**

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 March 6, 2024, Foot Locker, Inc. (the “Company”) issued a press release (the “Press Release”) announcing its financial and operating results for the fourth quarter and full-year of 2023. 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 March 6, 2024 to discuss its fourth quarter and full-year 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 fourth quarter and full-year 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 fourth quarter and full-year 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 March 6, 2024.
99.2	Investor Presentation, dated March 6, 2024.
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: March 6, 2024

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 FOURTH QUARTER 2023 RESULTS; ISSUES 2024 OUTLOOK

- **Total Sales Increased 2.0%; Comparable Sales Decreased 0.7%**
- **Foot Locker and Kids Foot Locker North America Comparable Sales Increased +5.2%**
 - **EPS Loss of \$4.13 and Non-GAAP EPS Income of \$0.38**
 - **Inventory Decreased 8.2% Year-over-Year**
- **Anticipates Return to Positive Comparable Sales Growth and EBIT Margin Expansion in 2024**
- **2024 Non-GAAP EPS Guidance of \$1.50-\$1.70 including a Non-Recurring Charge of \$0.10**
 - **Provides Update on Timing to Achieve Lace Up Plan Financial Targets**

NEW YORK, NY, March 6, 2024 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its fourth quarter ended February 3, 2024.

Mary Dillon, President and Chief Executive Officer, said, “We are pleased to report fourth quarter results ahead of our expectations, including meaningfully accelerated sales trends relative to the third quarter, earnings per share that exceeded our guidance range, and improvements across multiple KPIs. As we continued to deliver on the strategic imperatives of our Lace Up Plan, we built significant momentum through the holiday season, driven by full-price selling in addition to compelling promotions. We also proactively reinvested in markdowns to end the year with leaner inventory levels compared to our expectations.”

Ms. Dillon continued, “As we continue evolving into a modern, omnichannel retailer for ‘all things sneakers,’ we are making important progress strengthening our brand partnerships, increasing customer engagement, transforming our real estate footprint, and driving growth in digital. We are especially excited about strengthening our basketball leadership position, including a successful activation at NBA All-Star 2024. To further build on our progress, we are leaning into strategic investments in digital, store experience, loyalty, and brand-building in 2024. The Foot Locker brand will celebrate its 50th anniversary later this year, and we are confident that our Lace Up Plan is positioning the Company for longer-term sustainable growth and shareholder value creation, while laying the right foundation for our next 50 years of success.”

Fourth Quarter Results

- Total sales inclusive of the 53rd week increased by 2.0%, to \$2,380 million, as compared with sales of \$2,334 million in the fourth quarter of 2022. Excluding the effect of foreign exchange rate fluctuations, total sales for the fourth quarter increased by 1.5%.
 - Comparable sales decreased by 0.7%, driven by a 210 basis-point impact from repositioning the Champs Sports banner, consumer softness, and changing vendor mix. Importantly, combined comparable sales increased 5.2% in the Foot Locker and Kids Foot Locker North American banners.
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Please refer to the Sales by Banner table below for detailed sales performance by banner and region.

- Gross margin declined by 350 basis points as compared with the prior-year period, primarily as a result of higher markdowns, partially offset by occupancy leverage.
- SG&A as a percentage of sales increased by 10 basis points compared with the prior-year period, with savings from the cost optimization program more than offset by inflation and investments in front-line wages and technology.
- Fourth quarter net loss was \$389 million, as compared with net income of \$19 million in the corresponding prior-year period. On a Non-GAAP basis, net income was \$36 million, as compared with \$92 million in the corresponding prior-year period.
- Fourth quarter diluted loss per share was \$4.13, as compared with earnings per share of \$0.20 in the fourth quarter of 2022. Fourth quarter results include a \$0.12 contribution from the 53rd week of 2023. Non-GAAP earnings per share decreased to \$0.38 in the fourth quarter, as compared with \$0.97 in the corresponding prior-year period.
- Non-GAAP results exclude, among other items, non-cash charges of \$478 million related to the Company's minority investments and \$75 million related to the Company's partial settlement of its pension plan obligations. The Company assesses the carrying value of its minority investments for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The pension settlement charge of \$75 million represents the acceleration of losses that were previously deferred. As part of efforts to reduce pension plan obligations, the Company transferred the plan's 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.

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

Balance Sheet

At quarter-end, the Company had cash and cash equivalents of \$297 million, and total debt was \$447 million.

As of February 3, 2024, the Company's merchandise inventories were \$1,509 million, 8.2% lower than at the end of the fourth quarter last year. Excluding the effect of foreign currency fluctuations, merchandise inventories decreased by 7.8% as compared with the fourth quarter of last year.

Store Base Update

During the fourth quarter, the Company opened 29 new stores, remodeled, or relocated 66 stores, and closed 113 stores.

As of February 3, 2024, the Company operated 2,523 stores in 26 countries in North America, Europe, Asia, Australia, and New Zealand. In addition, 202 licensed stores were operating in the Middle East and Asia.

2024 Financial Outlook and Update on Timing to Achieve Lace Up Financial Targets and Capital Allocation

Mike Baughn, Executive Vice President and Chief Financial Officer, said, “We maintain conviction in the longer-term earnings potential that our Lace Up plan will generate and reiterate the 8.5-9% EBIT margin target communicated at our March 2023 Investor Day. Given our lower starting point exiting 2023, we expect a two-year delay in achieving that goal and now see reaching that target by 2028.”

Mr. Baughn continued, “As our margins and cash flows improve, we will continue to prioritize investing in our business, and enhancing financial flexibility to continue to support our strategic objectives. In that context, 2024 will serve as a cash rebuilding year, and we, therefore, are not resuming a dividend at this time. We are confident, however, that our strategy will unlock longer-term shareholder value, including a return to quarterly dividends and share repurchases over time.”

The Company’s full year 2024 outlook, representing the 52 weeks ending February 1, 2025, is summarized in the table below.

Note that the Company’s full-year EPS guidance includes an approximate \$0.10 non-recurring charge in the second quarter of 2024 from the anticipated rollout to the rest of North America of its enhanced FLX loyalty program. This charge is anticipated as loyalty points will be converted into additional benefits for the Company’s customers.

Metric	Full Year 2024 Guidance	Commentary
Sales Change	-1.0% to +1.0%	~1% annual headwind from lapping 53rd week in 2023
Comparable Sales Change	+1.0 to +3.0%	
Store Count Change	Down ~4%	
Square Footage Change	Down ~1%	
Licensing Revenue	~\$17 million	
Gross Margin	29.8% to 30.0%	Lower markdowns year-on-year
SG&A Rate	24.4% to 24.6%	Ongoing investment spending
D&A	\$210 to \$215 million	
EBIT Margin	2.8% to 3.2%	
Net Interest	~\$12 million	
Non-GAAP Tax Rate	35.0%-36.0%	
Non-GAAP EPS	\$1.50-\$1.70	
Adj. Capital Expenditures*	\$345 million	

* *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 EBIT, 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 will host a conference call at 9:00 a.m. ET today, March 6, 2024, to review its fourth quarter 2023 results and provide an update on the business. An investor presentation will be available on the Investor Relations section of the Company’s corporate website before the start of the conference call. The call may be accessed live by calling toll-free 1-844-701-1163 or international toll 1-412-317-5490, or via footlocker-inc.com. Please log on to the website 15 minutes prior to the call to register. An archived replay of the conference call will be accessible approximately one hour following the end of the call through March 20, 2024 by calling 1-877-344-7529 in the U.S., 1-855-669-9658 in Canada, and 1-412-317-0088 internationally with passcode 5612202. A webcast replay will also be available at footlocker-inc.com.

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.

FOOT LOCKER, INC.

Condensed Consolidated Statements of Operations (unaudited)

Periods ended February 3, 2024 and January 28, 2023
(In millions, except per share amounts)

	Fourth Quarter		Year-to-Date	
	2023	2022	2023	2022
Sales	\$ 2,380	\$ 2,334	\$ 8,154	\$ 8,747
Licensing revenue	4	3	14	12
Total revenue	2,384	2,337	8,168	8,759
Cost of sales	1,746	1,632	5,895	5,955
Selling, general and administrative expenses	533	521	1,852	1,903
Depreciation and amortization	51	51	199	208
Impairment and other	21	74	80	112
Income from operations	33	59	142	581
Interest expense, net	(2)	(2)	(9)	(15)
Other (expense) income, net	(555)	(9)	(556)	(42)
(Loss) income from continuing operations before income taxes	(524)	48	(423)	524
Income tax (benefit) expense	(135)	26	(93)	180
Net (loss) income from continuing operations	(389)	22	(330)	344
Net loss from discontinued operations, net of tax	—	(3)	—	(3)
Net (loss) income	(389)	19	(330)	341
Net loss attributable to noncontrolling interests	—	—	—	1
Net (loss) income attributable to Foot Locker, Inc.	\$ (389)	\$ 19	\$ (330)	\$ 342

Diluted earnings per share

(Loss) earnings per share from continuing operations attributable to Foot Locker, Inc.	\$ (4.13)	\$ 0.24	\$ (3.51)	\$ 3.62
Net loss per share from discontinued operations, net of tax	\$ —	\$ (0.04)	\$ —	\$ (0.04)
Net (loss) earnings per share attributable to Foot Locker, Inc.	\$ (4.13)	\$ 0.20	\$ (3.51)	\$ 3.58
Weighted-average diluted shares outstanding	94.4	94.9	94.2	95.5

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.

FOOT LOCKER, INC.

Non-GAAP Reconciliation (unaudited)

Periods ended February 3, 2024 and January 28, 2023

(In millions, except per share amounts)

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.

Reconciliation of GAAP to non-GAAP results:

	Fourth Quarter		Year-to-Date	
	2023	2022	2023	2022
Pre-tax income:				
(Loss) income from continuing operations before income taxes	\$ (524)	\$ 48	\$ (423)	\$ 524
Pre-tax adjustments excluded from GAAP:				
Impairment and other (1)	21	74	80	112
Other expense / income (2)	554	9	548	41
Adjusted income before income taxes (non-GAAP)	\$ 51	\$ 131	\$ 205	\$ 677
After-tax income:				
Net (loss) income attributable to Foot Locker, Inc.	\$ (389)	\$ 19	\$ (330)	\$ 342
After-tax adjustments excluded from GAAP:				
Impairment and other, net of income tax benefit of \$7, \$11, \$18, and \$21 million, respectively (1)	14	63	62	91
Other expense / income, net of income tax benefit of \$143, \$2, \$142, and \$9 million, respectively (2)	411	7	406	32
Net loss from discontinued operations, net of income tax benefit of \$-, \$1, \$-, and \$1, respectively (3)	—	3	—	3
Tax reserves benefit / charge (4)	—	—	(4)	5
Adjusted net income (non-GAAP)	\$ 36	\$ 92	\$ 134	\$ 473

	Fourth Quarter		Year-to-Date	
	2023	2022	2023	2022
Earnings per share:				
(Loss) earnings per share attributable to Foot Locker, Inc.	\$ (4.13)	\$ 0.20	\$ (3.51)	\$ 3.58
Diluted EPS amounts excluded from GAAP:				
Impairment and other (1)	0.15	0.66	0.66	0.95
Other expense / income (2)	4.36	0.07	4.31	0.33
Net loss from discontinued operations (3)	—	0.04	—	0.04
Tax reserves benefit / charge (4)	—	—	(0.04)	0.05
Adjusted diluted earnings per share (non-GAAP)	\$ 0.38	\$ 0.97	\$ 1.42	\$ 4.95

Notes on Non-GAAP Adjustments:

(1) For the fourth quarter of 2023, impairment and other included \$11 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. These were incurred as part of the Company's annual review of underperforming stores and the planned wind down of its U.S. atmos stores, partially offset by a net benefit from the settlement of lease obligations associated with Sidestep store closures. In addition, the Company recorded intangible asset impairment of \$9 million on an atmos tradename and reorganization costs of \$5 million. These charges were partially offset by a \$4 million reduction in the fair value of the atmos contingent consideration liability.

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

FOOT LOCKER, INC.

Non-GAAP Reconciliation (unaudited)

Periods ended February 3, 2024 and January 28, 2023
(In millions, except per share amounts)

Notes on Non-GAAP Adjustments (continued):

For the fourth quarter of 2022, impairment and other charges included \$53 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. These were incurred as a result of the Company's planned wind down of the Sidestep banner, a review of underperforming stores, and the continued wind down of the remaining Footaction stores. Additionally, the Company recorded \$20 million of primarily severance costs related to a reorganization, \$15 million of transformation consulting, \$9 million of litigation costs related to an employment matter, and \$8 million of Sidestep tradename asset impairment, partially offset by a \$31 million reduction in the fair value of the atmos contingent consideration liability.

For fiscal year 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, partially offset by a \$31 million reduction in the fair value of the atmos contingent consideration liability.

- (2) For the fourth quarter of 2023, other income / expense primarily consisted of a \$478 million non-cash charge on minority investments and a \$75 million charge related to the partial settlement of pension plan obligations. The adjustment related to the Company's minority investments was triggered by an assessment of impairment. During the fourth quarter, as part of efforts to reduce pension plan obligations, the Company transferred approximately \$109 million of its 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. In connection with this transaction, the Company recorded a non-cash pretax settlement charge of \$75 million. This settlement charge accelerated the recognition of previously unrecognized losses in "Accumulated Other Comprehensive Loss." Additionally, fiscal year 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 the Singapore and Malaysian Foot Locker businesses to a license partner, and \$2 million of the Company's share of losses related to equity method investments.

Other income / expense for the fourth quarter of 2022 consisted of a \$9 million loss on the sale of the minority investment in Retailors, Ltd. Fiscal year 2022 also included a \$53 million loss on the changes in fair value of the investment in Retailors, Ltd., partially offset by \$1 million of dividend income from this investment, and the Company's share of income related to other equity method investments of \$1 million. Additionally, the Company recognized a \$19 million gain on the divestiture of the Team Sales business that occurred in the second quarter of 2022.

- (3) In the fourth quarter of 2022, the Company recorded a charge to discontinued operations of \$4 million (\$3 million after tax) related to the resolution of a legal matter of a business it formerly operated.
- (4) 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 February 3, 2024 and January 28, 2023
(In millions)

	Fourth Quarter				Year-to-Date			
	2023	2022	Constant Currencies	Comparable Sales	2023	2022	Constant Currencies	Comparable Sales
Foot Locker	\$ 961	\$ 893	7.5%	4.8%	\$ 3,205	\$ 3,304	(2.7)%	(2.3)%
Champs Sports	372	415	(10.4)	(10.4)	1,304	1,681	(22.2)	(20.4)
Kids Foot Locker	214	192	11.5	6.9	716	708	1.1	0.2
WSS	182	166	9.6	(6.1)	640	604	6.0	(6.8)
Other	—	15	n.m.	n.m.	1	126	n.m.	n.m.
North America	1,729	1,681	2.8	(0.7)	5,866	6,423	(8.5)	(8.7)
Foot Locker	495	455	5.1	0.3	1,697	1,628	1.0	(0.8)
Sidestep	—	25	n.m.	n.m.	26	94	n.m.	n.m.
EMEA	495	480	(0.4)	(1.0)	1,723	1,722	(3.1)	(2.1)
Foot Locker	106	122	(10.7)	0.6	387	414	(3.1)	4.7
atmos	50	51	3.9	(1.8)	178	188	0.5	(2.1)
Asia Pacific	156	173	(6.4)	(0.2)	565	602	(2.0)	2.6
Total	\$ 2,380	\$ 2,334	1.5%	(0.7)%	\$ 8,154	\$ 8,747	(7.0)%	(6.7)%

FOOT LOCKER, INC.

Condensed Consolidated Balance Sheets (unaudited) (In millions)

	February 3, 2024	January 28, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 297	\$ 536
Merchandise inventories	1,509	1,643
Other current assets	419	342
	2,225	2,521
Property and equipment, net	930	920
Operating lease right-of-use assets	2,188	2,443
Deferred taxes	114	90
Goodwill	768	785
Other intangible assets, net	399	426
Minority investments	152	630
Other assets	92	92
	\$ 6,868	\$ 7,907
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 366	\$ 492
Accrued and other liabilities	428	568
Current portion of long-term debt and obligations under finance leases	5	6
Current portion of lease obligations	492	544
	1,291	1,610
Long-term debt and obligations under finance leases	442	446
Long-term lease obligations	2,004	2,230
Other liabilities	241	328
Total liabilities	3,978	4,614
Total shareholders' equity	2,890	3,293
	\$ 6,868	\$ 7,907

FOOT LOCKER, INC.

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

(\$ in millions)	2023	2022
From operating activities:		
Net income	\$ (330)	\$ 341
Adjustments to reconcile net income to net cash from operating activities:		
Non-cash impairment and other	40	67
Pension settlement charge	75	—
Fair value adjustments to minority investments	478	61
Fair value change in contingent consideration	(4)	(31)
Depreciation and amortization	199	208
Deferred income taxes	(136)	21
Share-based compensation expense	13	31
Gain on sales of businesses	(3)	(19)
Gain on sale of property	(3)	—
Change in assets and liabilities:		(397)
Merchandise inventories	120	(101)
Accounts payable	(122)	(1)
Accrued and other liabilities	(109)	—
Other, net	(127)	(7)
Net cash provided by operating activities	91	173
From investing activities:		
Capital expenditures	(242)	(285)
Purchase of business, net of cash acquired	—	(14)
Minority investments	(2)	(5)
Proceeds from sales of businesses	16	47
Proceeds from minority investments	—	95
Proceeds from sale of property	6	—
Net cash used in investing activities	(222)	(162)
From financing activities:		
Proceeds from the revolving credit facility	146	—
Repayment of the revolving credit facility	(146)	—
Purchase of treasury shares	—	(129)
Dividends paid on common stock	(113)	(150)
Payment of obligations under finance leases	(6)	(6)
Shares of common stock repurchased to satisfy tax withholding obligations	(10)	(1)
Treasury stock reissued under employee stock plan	4	3
Proceeds from exercise of stock options	5	6
Purchase of non-controlling interest	—	(2)
Net cash used in financing activities	(120)	(279)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	3	—
Net change in cash, cash equivalents, and restricted cash	(248)	(268)
Cash, cash equivalents, and restricted cash at beginning of year	582	850
Cash, cash equivalents, and restricted cash at end of period	\$ 334	\$ 582

FOOT LOCKER, INC.

Store Count and Square Footage (unaudited)

Store activity is as follows:

	January 28, 2023	Opened	Closed	February 3, 2024	Relocations/ Remodels
Foot Locker U.S.	747	7	31	723	50
Foot Locker Canada	86	1	2	85	6
Champs Sports	486	1	83	404	14
Kids Foot Locker	394	11	15	390	23
WSS	115	28	2	141	—
Footaction	2	—	1	1	—
North America	1,830	48	134	1,744	93
Foot Locker Europe (1)	644	25	32	637	30
Sidestep	78	—	78	—	—
EMEA	722	25	110	637	30
Foot Locker Pacific	94	5	1	98	13
Foot Locker Asia	33	—	20	13	—
atmos	35	1	5	31	—
Asia Pacific	162	6	26	142	13
Total	2,714	79	270	2,523	136

Selling and gross square footage are as follows:

(in thousands)	January 28, 2023		February 3, 2024	
	Selling	Gross	Selling	Gross
Foot Locker U.S.	2,362	4,044	2,401	4,080
Foot Locker Canada	249	412	259	426
Champs Sports	1,792	2,809	1,539	2,421
Kids Foot Locker	756	1,272	780	1,304
WSS	1,138	1,435	1,458	1,757
Footaction	6	11	3	6
North America	6,303	9,983	6,440	9,994
Foot Locker Europe (1)	1,147	2,363	1,208	2,470
Sidestep	97	186	—	—
EMEA	1,244	2,549	1,208	2,470
Foot Locker Pacific	213	325	243	366
Foot Locker Asia	126	233	52	98
atmos	37	63	28	48
Asia Pacific	376	621	323	512
Total	7,923	13,153	7,971	12,976

(1) Includes 16 and 13 Kids Foot Locker stores, and the related square footage, operating in Europe for January 28, 2023 and February 3, 2024, respectively.

FOOT LOCKER, INC.

**FOURTH QUARTER 2023
EARNINGS RESULTS**

MARCH 6, 2024

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.



Fourth QUARTER

2023 RESULTS

FOOT LOCKER, INC.



FOURTH QUARTER 2023 HIGHLIGHTS

COMP SALES

-0.7%

Total sales +2.0%

Comps by Region

NA	-0.7%
EMEA	-1.0%
APAC	-0.2%

Gross margin

-350 bps

Higher Markdowns Partially
Offset by Occupancy Leverage

SG&A rate

+10 bps

Inflation and Investments

Ending Inventories
Better than Expectations

-8.2%

Year-over-year

GAAP EPS

(\$4.13)

Non-GAAP EPS*

\$0.38

* A reconciliation to GAAP is provided in the Appendix

FOOT LOCKER, INC.

4Q GLOBAL COMP DETAIL



Footwear
Up Low-Single Digits



Apparel
Down Low-Double Digits



Accessories
Flattish

Up Low-Single Digits

November

Down Slightly

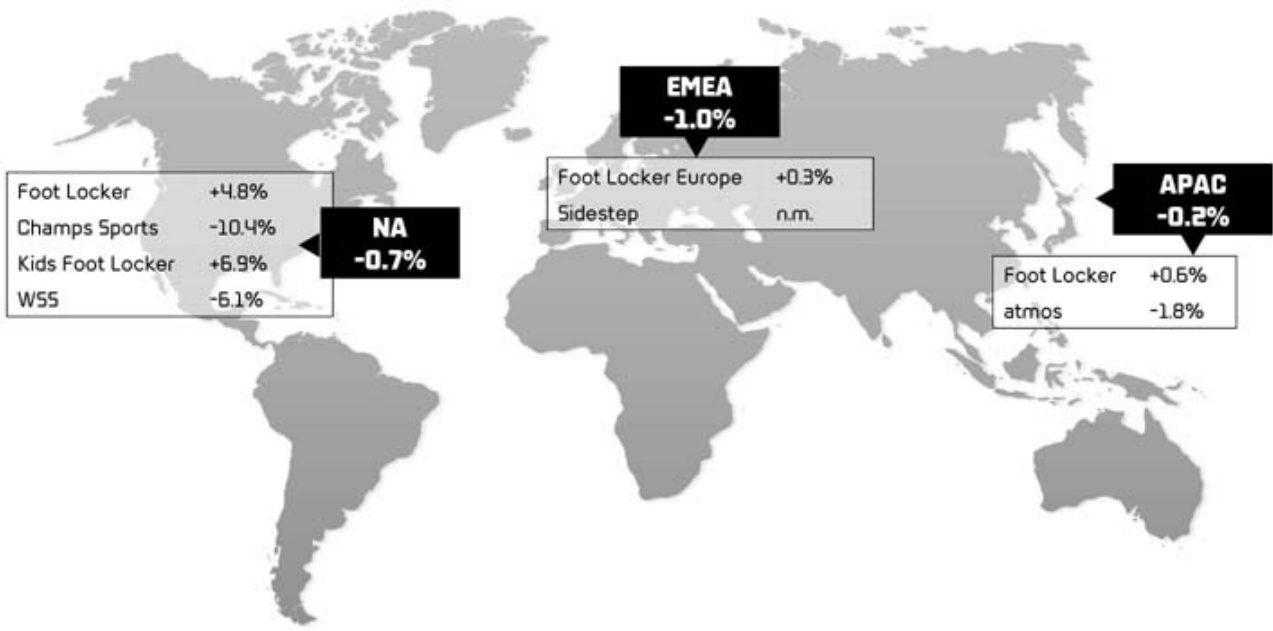
December

Down Mid-Single Digits

January

Note: Data is on comp basis. Category data is ex-W55/atmos, while monthly data includes W55/atmos.

FOOT LOCKER, INC.



FOOT LOCKER, INC.

FOURTH QUARTER 2023 GROSS MARGIN AND SG&A RATE



Down 350 bps Vs. Last Year

Key Drivers

- Merchandise Margin Fell 400 Bps on Higher Markdowns
- Occupancy leveraged 50 Bps aided by extra week



Up 10 bps Vs. Last Year

Key Drivers

- Pressure from Inflation, Wage Investments, and Technology
- Offset by cost savings and higher sales volumes from 53rd week



FOOT LOCKER, INC.



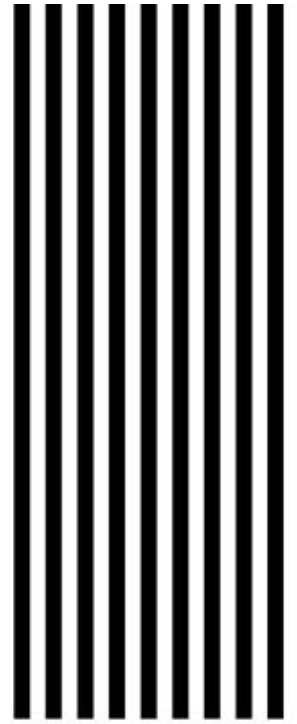


Metric	Outlook	Commentary
Total Sales	-1.0% to +1.0%	-1% annual headwind from lapping 53 rd week in 2023
Comp Sales	+1.0% to +3.0%	
Store Count	Down -4%	
Square Footage	Down -1%	
Licensing Revenue	-\$17 million	
Gross Margin	29.8% to 30.0%	Lower markdowns year-on-year
SG&A Rate	24.4% to 24.6%	Ongoing investment spending
D&A	\$210 to \$215 million	
EBIT Margin	2.8% to 3.2%	
Net Interest	-\$12 million	
Non-GAAP Tax Rate	35.0%-36.0%	
Non-GAAP EPS	\$1.50-\$1.70	
Capital Expenditures	-\$345 million	

FOOT LOCKER, INC.



Our Lace Up Plan



FOOT LOCKER, INC.

4Q23 Lace Up Dashboard

Expand Sneaker Culture

Increase our array of brands to expand sneaker culture



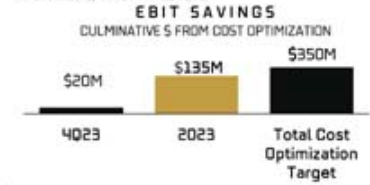
Power Up Our Portfolio

Transform our store footprint through new concepts and footprint optimization



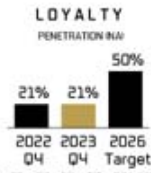
Create Value for all Stakeholders

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



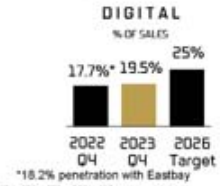
Deepen Our Relationship with Customers

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





**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



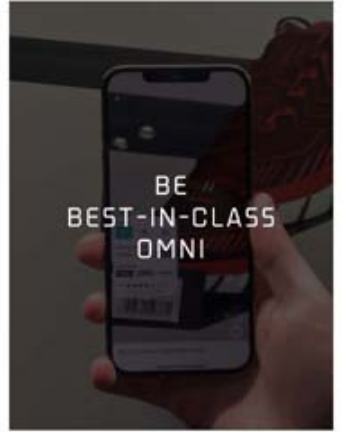
Celebrate the Hispanic community

atmos

Share Japanese street and sneaker culture

FOOT LOCKER, INC.

Our Lace Up Plan



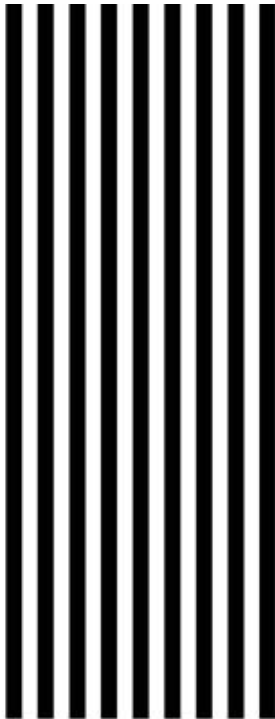
CREATE VALUE FOR ALL STAKEHOLDERS (CUSTOMERS, COMMUNITY, TEAM MEMBERS, & INVESTORS)



FOOT LOCKER, INC.



APPENDIX



FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations

	Fourth Quarter		Year-to-Date	
	2023	2022	2023	2022
Pre-tax income:				
(Loss) income from continuing operations before income taxes	\$ (524)	\$ 48	\$ (423)	\$ 524
Pre-tax adjustments excluded from GAAP:				
Impairment and other ⁽¹⁾	21	74	80	112
Other expense / income ⁽²⁾	554	9	548	41
Adjusted income before income taxes (non-GAAP)	\$ 51	\$ 131	\$ 205	\$ 677
After-tax income:				
Net (loss) income attributable to Foot Locker, Inc.	\$ (389)	\$ 19	\$ (330)	\$ 342
After-tax adjustments excluded from GAAP:				
Impairment and other, net of income tax benefit of \$7, \$11, \$18, and \$21 million, respectively ⁽¹⁾	14	63	62	91
Other expense / income, net of income tax benefit of \$143, \$2, \$142, and \$9 million, respectively ⁽²⁾	411	7	406	32
Net loss from discontinued operations, net of income tax benefit of \$-, \$1, \$-, and \$1, respectively ⁽³⁾	—	3	—	3
Tax reserves benefit / charge ⁽⁴⁾	—	—	(4)	5
Adjusted net income (non-GAAP)	\$ 36	\$ 92	\$ 134	\$ 473

FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations (cont.)

	Fourth Quarter		Year-to-Date	
	2023	2022	2023	2022
Earnings per share:				
(Loss) earnings per share attributable to Foot Locker, Inc.	\$ (4.13)	\$ 0.20	\$ (3.51)	\$ 3.58
Diluted EPS amounts excluded from GAAP:				
Impairment and other ⁽¹⁾	0.15	0.66	0.66	0.95
Other expense / income ⁽²⁾	4.36	0.07	4.31	0.33
Net loss from discontinued operations ⁽³⁾	—	0.04	—	0.04
Tax reserves benefit / charge ⁽⁴⁾	—	—	(0.04)	0.05
Adjusted diluted earnings per share (non-GAAP)	\$ 0.38	\$ 0.97	\$ 1.42	\$ 4.95

Notes on Non-GAAP Adjustments:

(1) For the fourth quarter of 2023, impairment and other included \$11 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. These were incurred as part of the Company's annual review of underperforming stores and the planned wind down of its U.S. atmos stores, partially offset by a net benefit from the settlement of lease obligations associated with Sidestep store closures. In addition, the Company recorded intangible asset impairment of \$9 million on an atmos tradename and reorganization costs of \$5 million. These charges were partially offset by a \$4 million reduction in the fair value of the atmos contingent consideration liability.

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

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.

GAAP to Non-GAAP Reconciliations (cont.)

For the fourth quarter of 2022, impairment and other charges included \$53 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. These were incurred as a result of the Company's planned wind down of the Sidestep banner, a review of underperforming stores, and the continued wind down of the remaining Footaction stores. Additionally, the Company recorded \$20 million of primarily severance costs related to a reorganization, \$15 million of transformation consulting, \$9 million of litigation costs related to an employment matter, and \$8 million of Sidestep tradename asset impairment, partially offset by a \$31 million reduction in the fair value of the Atmos contingent consideration liability.

For fiscal year 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, partially offset by a \$31 million reduction in the fair value of the Atmos contingent consideration liability.

- (2) For the fourth quarter of 2023, other income / expense primarily consisted of a \$478 million non-cash charge on minority investments and a \$75 million charge related to the partial settlement of pension plan obligations. The adjustment related to the Company's minority investments was triggered by an assessment of impairment. During the fourth quarter, as part of efforts to reduce pension plan obligations, the Company transferred approximately \$109 million of its 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. In connection with this transaction, the Company recorded a non-cash pretax settlement charge of \$75 million. This settlement charge accelerated the recognition of previously unrecognized losses in "Accumulated Other Comprehensive Loss." Additionally, fiscal year 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 the Singapore and Malaysian Foot Locker businesses to a license partner, and \$2 million of the Company's share of losses related to equity method investments.

Other income / expense for the fourth quarter of 2022 consisted of a \$9 million loss on the sale of the minority investment in Retailors, Ltd. Fiscal year 2022 also included a \$53 million loss on the changes in fair value of the investment in Retailors, Ltd., partially offset by \$1 million of dividend income from this investment, and the Company's share of income related to other equity method investments of \$1 million. Additionally, the Company recognized a \$19 million gain on the divestiture of the Team Sales business that occurred in the second quarter of 2022.

- (3) In the fourth quarter of 2022, the Company recorded a charge to discontinued operations of \$4 million (\$3 million after tax) related to the resolution of a legal matter of a business it formerly operated.
- (4) 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.