

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): **May 19, 2023 (May 17, 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 May 19, 2023, Foot Locker, Inc. (the “Company”) issued a press release (the “Press Release”) announcing its first 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 May 19, 2023 to discuss its first 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 first 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 first 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In the press release, the Company announced that, among other things, Michael Baughn, age 42, has been appointed Executive Vice President and Chief Financial Officer of the Company, effective June 12, 2023. A copy of the press release is furnished as Exhibit 99.1, which, in its entirety, is incorporated herein by reference.

Mr. Baughn has spent over 15 years at Kohl’s Corporation in various roles with increasing responsibility within its finance organization, including Executive Vice President of Finance and Treasurer since July 2021, Senior Vice President of Finance and Treasurer from April 2018 through July 2021, and Vice President of Finance—FP&A and Treasury from June 2015 through April 2018.

In connection with his appointment as Executive Vice President and Chief Financial Officer, Mr. Baughn’s base salary will be set at \$650,000 per year, his target annual equity incentive opportunity will be set at 200% of his base salary (20% delivered in restricted stock units (“RSUs”) that vest three years from the date of grant, 60% delivered in performance stock units (“PSUs”), and 20% in non-statutory stock options that vest in equal installments over three years, in each case subject to continued employment through the vesting dates), and his target annual cash incentive opportunity will be set at 85% of his base salary (for the 2023 fiscal year, Mr. Baughn shall be paid a prorated annual cash incentive, but in no event less than an amount equal to the prorated portion of 85% of his base salary or, if greater, the prorated portion of the annual cash incentive opportunity calculated based on actual performance for the 2023 fiscal year). Effective June 12, 2023, Mr. Baughn will receive annual equity incentive grants (20% delivered in RSUs that vest three years from the date of grant, 60% delivered in PSUs for the 2023-25 long-term performance period (prorated for the 2023-25 performance period), and 20% in non-statutory stock options that vest in equal installments over three years, in each case subject to continued employment through the vesting dates). Mr. Baughn will also receive a sign-on cash payment in the amount of \$600,000, \$300,000 of which is payable within 90 days after his start date, and the remaining \$300,000 of which is payable within 90 days after the one-year anniversary of his start date; and a sign-on RSU grant with a value of \$600,000, which will vest over two years from the grant date, as long as Mr. Baughn is continuously employed by the Company through each such anniversary date.

Mr. Baughn has no family relationship with any of the Company’s directors or executive officers. Mr. Baughn has no direct or indirect material interest in any related party transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

As previously disclosed on February 21, 2023, Robert Higginbotham will cease to serve as interim Chief Financial Officer, effective on June 11, 2023, and continue to serve as Senior Vice President, Investor Relations and Financial Planning & Analysis, reporting to Mr. Baughn.

At the Company's annual meeting of shareholders held on May 17, 2023 (the "Annual Meeting"), shareholders approved the 2007 Stock Incentive Plan, as Amended and Restated (the "Plan"), and the 2023 Foot Locker Employee Stock Purchase Plan (the "ESPP"). A summary of the terms and conditions of the Plan and the ESPP may be found on Pages 101-110 and Pages 111-114, respectively, of the 2023 Proxy Statement. Copies of the Plan and the ESPP are filed as Exhibits 10.1 and 10.2, respectively, to the Form S-8 Registration Statement filed on May 17, 2023 (the "Form S-8"), which, in its entirety, is incorporated herein by reference.

Item 5.07. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting, shareholders voted on the five proposals set forth below. For more information on the proposals, please see the 2023 Proxy Statement, the relevant portions of which are incorporated herein by reference.

As of March 20, 2023, the Company's record date for the Annual Meeting, there were a total of 93,429,371 shares of common stock, \$0.01 par value per share ("Common Stock"), outstanding and entitled to vote at the Annual Meeting. At the Annual Meeting, 72,697,651 shares of Common Stock were represented in person or by proxy and, therefore, a quorum was present.

Proposal 1. With respect to the proposal to elect ten nominees to the Board of Directors (the "Board"), each for a one-year term expiring at the annual meeting of shareholders to be held in 2024, the votes were cast for the proposal as set forth below:

Name	Votes For	Votes Against	Abstentions	Broker Non-Votes
Mary N. Dillon	67,034,124	387,488	76,453	5,199,586
Virginia C. Drosos	66,953,845	462,657	81,563	5,199,586
Alan D. Feldman	65,400,418	2,012,709	84,938	5,199,586
Guillermo G. Marmol	65,098,489	2,312,121	87,455	5,199,586
Darlene Nicosia	66,374,764	1,040,915	82,386	5,199,586
Steven Oakland	67,114,249	301,288	82,528	5,199,586
Ulice Payne, Jr.	66,778,937	637,452	81,676	5,199,586
Kimberly Underhill	66,604,182	811,104	82,779	5,199,586
Tristan Walker	67,091,719	322,138	84,208	5,199,586
Dona D. Young	64,950,700	2,465,909	81,456	5,199,586

Based on the votes set forth above, each of the ten nominees to the Board was duly elected.

Proposal 2. With respect to the proposal to approve, on an advisory basis, the Company's named executive officers' ("NEOs") compensation, the votes were cast for the proposal as set forth below:

Votes For	Votes Against	Abstentions	Broker Non-Votes
65,246,260	2,114,695	137,110	5,199,586

Based on the votes set forth above, the NEOs' compensation was approved.

Proposal 3. With respect to the proposal to approve the Plan, the votes were cast for the proposal as set forth below:

Votes For	Votes Against	Abstentions	Broker Non-Votes
57,260,191	10,122,202	115,672	5,199,586

Based on the votes set forth above, the Plan was approved. A copy of the Plan is filed as Exhibit 10.1 to the Form S-8, which, in its entirety, is incorporated herein by reference.

Proposal 4. With respect to the proposal to approve ESPP, the votes were cast for the proposal as set forth below:

Votes For	Votes Against	Abstentions	Broker Non-Votes
66,991,515	419,762	86,788	5,199,586

Based on the votes set forth above, the ESPP was approved. A copy of the ESPP is filed as Exhibit 10.2 to the Form S-8, which, in its entirety, is incorporated herein by reference.

Proposal 5. With respect to the proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the 2023 fiscal year, the votes were cast for the proposal as set forth below:

Votes For	Votes Against	Abstentions
71,212,299	1,410,718	74,634

Based on the votes set forth above, the appointment of KPMG LLP as the Company's independent registered public accounting firm for the 2023 fiscal year was duly ratified.

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 May 19, 2023.
99.2	Investor Presentation, dated May 19, 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: May 19, 2023

By: /s/ Sheilagh M. Clarke
Name: Sheilagh M. Clarke
Title: Executive Vice President,
General Counsel and Secretary

FOOT LOCKER, INC.

NEWS RELEASE

Contact: Robert Higginbotham
Interim Chief Financial Officer
ir@footlocker.com
(212) 720-4600

FOOT LOCKER, INC. REPORTS 2023 FIRST QUARTER RESULTS

- **Total Sales Decreased 11.4%; Comparable-Store Sales Decreased 9.1%**
 - **EPS of \$0.38 and Non-GAAP EPS \$0.70**
 - **Lowering 2023 Sales and Earnings Guidance**
- **Announces Retail Industry Veteran Mike Baughn as Chief Financial Officer**

NEW YORK, NY, May 19, 2023 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its first quarter ended April 29, 2023.

“Coming off the recent launch of our Lace Up Strategy at our Investor Day in March, we are making early progress in building a strong foundation to return to sustainable growth beyond this year,” said Mary Dillon, President and Chief Executive Officer. “However, our sales have since softened meaningfully given the tough macroeconomic backdrop, causing us to reduce our guidance for the year as we take more aggressive markdowns to both drive demand and manage inventory.”

Ms. Dillon continued, “Despite the challenging near-term trends, we remain committed to our long-term strategy, including making the necessary investments to drive our Lace Up plan, and maintain conviction in our ability to execute against our new strategic imperatives.”

First Quarter Results

- Comparable-store sales decreased by 9.1%, driven by macroeconomic headwinds, including lower income tax refunds in the United States, as well as the changing vendor mix and our repositioning of Champs Sports.
- Total sales decreased by 11.4%, to \$1,927 million, compared with sales of \$2,175 million in the first quarter of 2022. Excluding the effect of foreign exchange rate fluctuations, total sales for the first quarter decreased by 10%.

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

- Gross margin declined by 400 basis points compared with the prior-year period, driven by a combination of higher markdowns compared to historically low levels in the prior year, and occupancy deleverage, as well as an increase in theft-related shrink.
- SG&A increased by 110 basis points as a percentage of sales compared with the prior year, 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 decreased to \$36 million as compared with \$133 million in the first quarter of fiscal 2022. Non-GAAP net income decreased to \$66 million from \$155 million in the prior-year period.

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- EPS decreased to \$0.38 per share, versus \$1.37 in the first quarter of fiscal 2022. Non-GAAP EPS decreased to \$0.70 per share compared with non-GAAP EPS of \$1.60 in the prior-year period.

Balance Sheet

At quarter-end, the Company's cash and cash equivalents totaled \$313 million, while debt on its balance sheet was \$451 million.

As of April 29, 2023, the Company's merchandise inventories totaled \$1,758 million, 25% higher than at the end of the first quarter last year.

Dividend and Share Repurchases

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

The Board of Directors declared a quarterly cash dividend on the Company's common stock of \$0.40 per share, which will be payable on July 28, 2023, to shareholders of record on July 14, 2023.

Store Base Update

During the first quarter, the Company opened 13 new stores, remodeled, or relocated 18 stores, and closed 35 stores.

As of April 29, 2023, the Company operated 2,692 stores in 29 countries in North America, Europe, Asia, Australia, and New Zealand. In addition, 163 franchised stores were operating in the Middle East and Asia.

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.

Metric	Prior Guidance	Updated Guidance	Commentary
Sales Change	Down 3.5% to 5.5%	Down 6.5% to 8.0%	Including ~1% from the extra week
Comparable Sales Change	Down 3.5% to 5.5%	Down 7.5% to 9.0%	Softer sales through balance of year
Square Footage Change	Down ~4%		
Licensing Revenue	~\$20 million	~\$20 million	
Gross Margin	30.8% to 31.0%	28.6% to 28.8%	More aggressive markdowns and higher shrink
SG&A Rate	22.6% to 22.8%	22.4% to 22.6%	Solid expense management
D&A	~\$205 million	~\$205 million	
Interest	~\$12 million	~\$16 million	Less interest income on lower cash balance
Non-GAAP Tax Rate	31.5% to 31.7%	32.9% to 33.1%	Higher on geographic mix of income
Non-GAAP EPS	\$3.35-\$3.65 including \$0.15 from the extra week	\$2.00-\$2.25	
Adj. Capital Expenditures*	~\$305 million	~\$305 million	

* Adjusted Capex includes capitalized Technology expense

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The Company provides earnings guidance only on a non-GAAP basis and does not provide a reconciliation of the Company's forward-looking tax rate, 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.

Chief Financial Officer Appointment

Today, Foot Locker, Inc., announces the appointment of Mike Baughn as Executive Vice President and Chief Financial Officer, effective June 12, 2023.

Mike joins us from Kohl's Corporation where he most recently served as Executive Vice President of Finance and Treasurer. He brings to Foot Locker more than 15 years of experience in various financial leadership roles across Kohl's.

Mike will report directly to Mary Dillon, President, and Chief Executive Officer, and oversee Foot Locker, Inc.'s financial initiatives and position the company for long-term growth.

With Mike's start, Robert Higginbotham, Interim Chief Financial Officer, will resume his role as Senior Vice President, Investor Relations, and Financial Planning & Analysis, reporting to Mike.

"Following a rigorous search process, we are thrilled to welcome to our leadership team, Mike Baughn, whose role will be instrumental in delivering our Lace Up plan," said Mary Dillon. "I am confident Mike will further accelerate our new set of strategic imperatives and financial objectives designed to set us up for the next 50 years of growth. Let me also thank Rob for his leadership of the finance organization while we conducted the search, ongoing contributions, and critical role in launching our strategy at our Investor Day."

"Foot Locker is a cultural staple that has led the footwear category for nearly 50 years. I am honored to join this incredible team as CFO at such a pivotal time for the company as they deliver the Lace Up plan," said Mike Baughn. "Foot Locker has a rich heritage to build upon and I am looking forward to working closely with Mary Dillon and the leadership team to ensure great customer experiences, as well as value for our stakeholders."

Conference Call and Webcast

The Company is hosting a live conference call at 9:00 a.m. ET today, May 19, 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. or 1-855-669-9658 in Canada or 1-412-317-0088 internationally with passcode 6393779 through June 2, 2023. A replay of the call will also be available via webcast from footlocker-inc.com.

Disclosure Regarding Forward-Looking Statements

This report 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, growth of the Company's business and operations, including future cash flows, revenues, and earnings, 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 April 29, 2023 and April 30, 2022
(In millions, except per share amounts)

	First Quarter	
	2023	2022
Sales	\$ 1,927	\$ 2,175
Licensing revenue	4	3
Total revenue	1,931	2,178
Cost of sales	1,349	1,435
Selling, general and administrative expenses	431	463
Depreciation and amortization	51	54
Impairment and other	39	6
Income from operations	61	220
Interest expense, net	(1)	(5)
Other income / (expense), net	(3)	(25)
Income before income taxes	57	190
Income tax expense	21	58
Net income	36	132
Net loss attributable to noncontrolling interests	—	1
Net income attributable to Foot Locker, Inc.	\$ 36	\$ 133
Diluted earnings per share	\$ 0.38	\$ 1.37
Weighted-average diluted shares outstanding	95.1	97.2

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 April 29, 2023 and April 30, 2022
(In millions, except per share amounts)

Reconciliation of GAAP to non-GAAP results:

	First Quarter	
	2023	2022
Pre-tax income:		
Income before income taxes	\$ 57	\$ 190
Pre-tax adjustments excluded from GAAP:		
Impairment and other ⁽¹⁾	39	6
Other income / expense ⁽²⁾	1	24
Adjusted income before income taxes (non-GAAP)	\$ 97	\$ 220
After-tax income:		
Net income attributable to Foot Locker, Inc.	\$ 36	\$ 133
After-tax adjustments excluded from GAAP:		
Impairment and other, net of income tax benefit of \$6 and \$2 million, respectively ⁽¹⁾	33	4
Other income / expense, net of income tax benefit of \$- and \$6 million, respectively ⁽²⁾	1	18
Tax reserves benefit ⁽³⁾	(4)	—
Adjusted net income (non-GAAP)	\$ 66	\$ 155

	First Quarter	
	2023	2022
Earnings per share:		
Diluted earnings per share	\$ 0.38	\$ 1.37
Diluted EPS amounts excluded from GAAP:		
Impairment and other ⁽¹⁾	0.36	0.05
Other income / expense ⁽²⁾	—	0.18
Tax reserves benefit ⁽³⁾	(0.04)	—
Adjusted diluted earnings per share (non-GAAP)	\$ 0.70	\$ 1.60

Notes on Non-GAAP Adjustments:

- For the first quarter of 2023, impairment and other included transformation consulting expense of \$19 million, impairment charges of \$18 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$2 million of reorganizations costs, primarily related to the announced closure of a North American distribution center, and other costs associated with the closures of the Sidestep banner and certain Foot Locker Asia stores.
For the first quarter of 2022, impairment and other included \$3 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges, \$2 million of acquisition and integration costs related to WSS and atmos, and \$1 million of other expenses.
- For the first quarter of 2023, other expense represented of our share of losses related to equity method investments of \$1 million.
For the first quarter of 2022, other expense primarily consisted of a \$25 million loss on the change in fair value of our previous investment in Retailors, Ltd., a publicly-listed entity, which was partially offset by \$1 million of dividend income and income from other various equity method investments.
- 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.

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FOOT LOCKER, INC.

Sales by Banner (unaudited)

Periods ended April 29, 2023 and April 30, 2022
(In millions)

	First Quarter					
	2023		2022		Constant Currencies	Comparable Sales
Foot Locker	\$	744	\$	807	(7.2)%	(5.5)%
Champs Sports		328		454	(27.3)	(24.6)
Kids Foot Locker		167		180	(7.2)	(7.7)
WSS		150		138	8.7	(3.4)
Other		—		53	(100.0)	n.m.
North America		1,389		1,632	(14.5)	(12.8)
Foot Locker		379		377	3.7	2.1
Sidestep		14		24	(41.7)	(37.8)
EMEA		393		401	1.0	(0.1)
Foot Locker		98		93	12.9	11.2
atmos		47		49	6.1	2.7
Asia Pacific		145		142	10.6	8.9
Total	\$	1,927	\$	2,175	(10.0)%	(9.1)%

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FOOT LOCKER, INC.

Condensed Consolidated Balance Sheets
(unaudited)
(In millions)

	April 29, 2023	April 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 313	\$ 551
Merchandise inventories	1,758	1,401
Other current assets	384	281
	2,455	2,233
Property and equipment, net	901	899
Operating lease right-of-use assets	2,331	2,566
Deferred taxes	94	79
Goodwill	781	783
Other intangible assets, net	421	441
Minority investments	629	759
Other assets	89	118
	\$ 7,701	\$ 7,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 474	\$ 565
Accrued and other liabilities	505	428
Current portion of long-term debt and obligations under finance leases	6	6
Current portion of lease obligations	533	557
	1,518	1,556
Long-term debt and obligations under finance leases	445	450
Long-term lease obligations	2,132	2,323
Other liabilities	323	334
Total liabilities	4,418	4,663
Total shareholders' equity	3,283	3,215
	\$ 7,701	\$ 7,878

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FOOT LOCKER, INC.

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

(\$ in millions)	Thirteen weeks ended	
	April 29, 2023	April 30, 2022
From operating activities:		
Net income	\$ 36	\$ 132
Adjustments to reconcile net income to net cash from operating activities:		
Non-cash impairment and other	18	3
Fair value adjustments to minority investments	—	25
Depreciation and amortization	51	54
Deferred income taxes	(4)	3
Share-based compensation expense	2	7
Change in assets and liabilities:		
Merchandise inventories	(117)	(150)
Accounts payable	(16)	(25)
Accrued and other liabilities	(30)	(80)
Other, net	(58)	10
Net cash used in operating activities	(118)	(21)
From investing activities:		
Capital expenditures	(59)	(95)
Purchase of business, net of cash acquired	—	(7)
Minority investments	—	(3)
Net cash used in investing activities	(59)	(105)
From financing activities:		
Dividends paid on common stock	(38)	(38)
Purchase of treasury shares	—	(89)
Payment of obligations under finance leases	(2)	(2)
Shares of common stock repurchased to satisfy tax withholding obligations	(10)	(1)
Proceeds from exercise of stock options	4	2
Net cash used in financing activities	(46)	(128)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	—	(1)
Net change in cash, cash equivalents, and restricted cash	(223)	(255)
Cash, cash equivalents, and restricted cash at beginning of year	582	850
Cash, cash equivalents, and restricted cash at end of period	\$ 359	\$ 595

-MORE-

FOOT LOCKER, INC.

Store Count and Square Footage (unaudited)

Store activity is as follows:

	January 28, 2023	Opened	Closed	April 29, 2023	Relocations/ Remodels
Foot Locker U.S.	747	-	6	741	3
Foot Locker Canada	86	-	1	85	4
Champs Sports	486	-	5	481	-
Kids Foot Locker	410	-	5	405	3
WSS	115	6	1	120	-
Footaction	2	-	-	2	-
North America	1,846	6	18	1,834	10
Foot Locker Europe	628	5	11	622	7
Sidestep	78	-	5	73	-
EMEA	706	5	16	695	7
Foot Locker Pacific	94	1	-	95	1
Foot Locker Asia	33	-	-	33	-
atmos	35	1	1	35	-
Asia Pacific	162	2	1	163	1
Total	2,714	13	35	2,692	18

Selling and gross square footage are as follows:

(in thousands)	April 30, 2022		April 29, 2023	
	Selling	Gross	Selling	Gross
Foot Locker U.S.	2,393	4,134	2,351	4,025
Foot Locker Canada	253	417	251	413
Champs Sports	1,903	2,980	1,775	2,784
Kids Foot Locker	760	1,292	767	1,295
WSS	972	1,223	1,235	1,479
Footaction	59	104	6	11
North America	6,340	10,150	6,385	10,007
Foot Locker Europe	1,085	2,256	1,140	2,339
Sidestep	101	191	93	179
EMEA	1,186	2,447	1,233	2,518
Foot Locker Pacific	192	299	216	331
Foot Locker Asia	114	199	126	233
atmos	38	65	36	62
Asia Pacific	344	563	378	626
Total	7,870	13,160	7,996	13,151

- END -

FOOT LOCKER, INC.

FIRST QUARTER 2023
EARNINGS RESULTS

MAY 19, 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 and return merchandise; our ability to fund our planned capital investments; a recession, volatility in the financial markets, and other global economic factors; our ability to access the credit markets at competitive terms; 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; borrowing capacity under our credit facility; repatriation of cash to the United States; supply chain issues; labor shortages and wage pressures; expectations regarding increased wages; inflation; consumer spending levels; the effect of governmental assistance programs, including vaccines and safety protocols; 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 against us or judicial decisions that affect us or our industry generally; the effects of weather; climate change; ESG risks; 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.



First QUARTER

2023 RESULTS

FOOT LOCKER, INC.



FIRST QUARTER 2023 HIGHLIGHTS

COMP SALES

-9.1%

Total sales -11.4%
Constant FX -10%

Comps by Region

NA	-12.8%
EMEA	-0.1%
APAC	+8.9%

Gross margin

-400 bps

On Markdowns and Occupancy

SG&A rate

+110 bps

Inflation and Investments

Inventory
remains up
but moderating

+25%

Year-over-year

GAAP EPS

\$0.38

Non-GAAP EPS*

\$0.70

* A reconciliation to GAAP is provided in the Appendix

FOOT LOCKER, INC.

1Q GLOBAL COMP DETAIL



Footwear
Down High-Single Digits



Apparel
Down Mid-Teens



Accessories
Down Mid-Teens

Down
Low-Double Digits

February

Down
Low-Double Digits

March

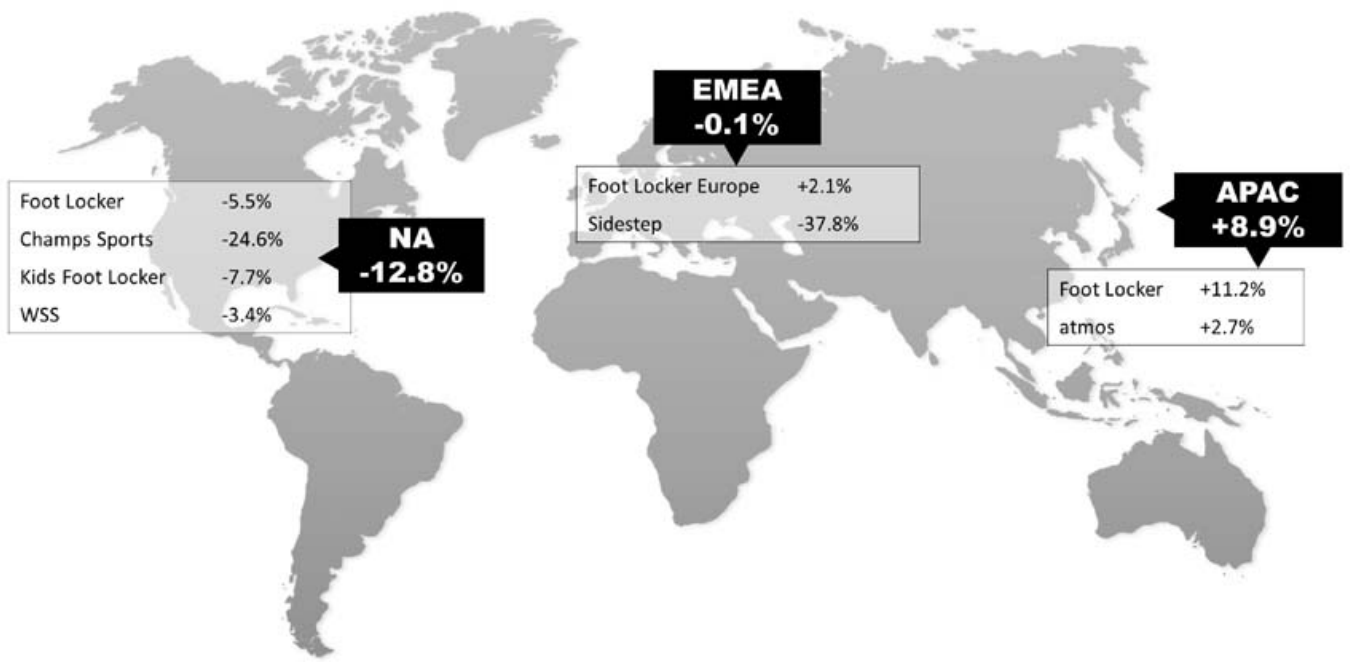
Down
Low-Singles

April

April aided by Launch calendar;
Acceleration below expectations

Note: data is on comp basis unless otherwise noted. All data is ex-W55/atmos

FOOT LOCKER, INC.



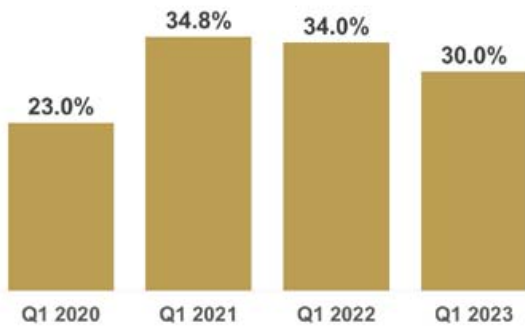
FOOT LOCKER, INC.



FIRST QUARTER 2023 MARGIN AND SG&A

GROSS MARGIN

(% of sales)



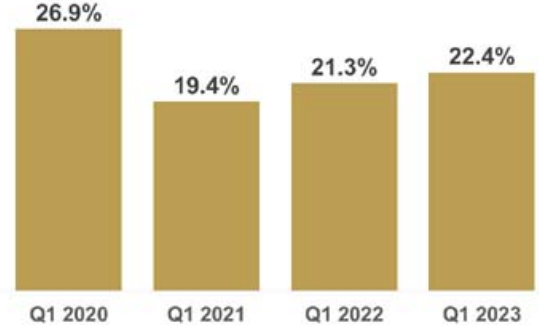
Down 400 bps Vs. Last Year

Key Drivers

- Merchandise Margin Fell 250 Bps On Higher Markdowns And Increase in Shrink
- Occupancy Deleveraged 150 Bps

SG&A EXPENSES

(%) of sales



Up 110 bps Vs. Last Year

Key Drivers

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

FOOT LOCKER, INC.

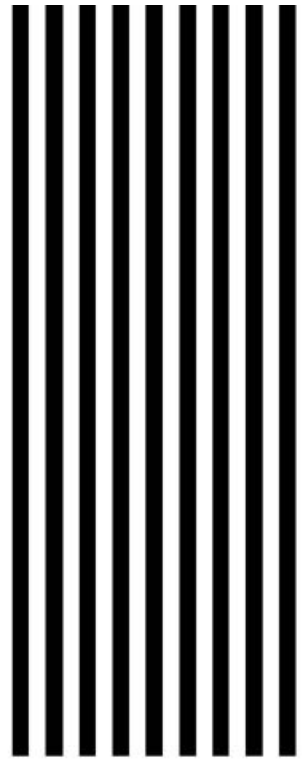


Metric	Prior Outlook	Updated Outlook	Commentary
Total Sales	Down 3.5% to 5.5%	Down 6.5% to 8.0%	Including ~1% from the extra week
Comp Sales	Down 3.5% to 5.5%	Down 7.5% to 9.0%	Softer sales through balance of year
Store Count	Down ~9%	Down ~9%	
Square Footage	Down ~4%	Down ~4%	
Licensing Revenue	~\$20 million	~\$20 million	
Gross Margin	30.8% to 31.0%	28.6% to 28.8%	More aggressive markdowns and higher shrink
SG&A Rate	22.6% to 22.8%	22.4% to 22.6%	Solid expense management
D&A	~\$205 million	~\$205 million	
Net Interest	~\$12 million	~\$16 million	Less interest income
Tax Rate (Non-GAAP)	31.5% to 31.7%	32.9% to 33.1%	Higher on geographic mix of income
Non-GAAP EPS	\$3.35-\$3.65	\$2.00-\$2.25	
Capital Expenditures	~\$305 million	~\$305 million	


FOOT LOCKER, INC.



Our Lace Up Plan



FOOT LOCKER, INC.



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



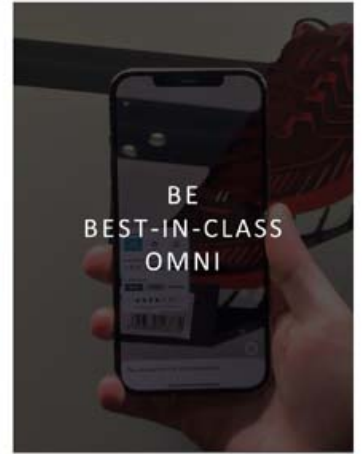
Celebrate the Hispanic community

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.

Our targets and long-term aspirations

FROM

~\$8.5B of revenue

15% exclusive
>70% Nike

30% off-mall in NA
8% in new formats

25% sales from loyalty

17% eCommerce

<7% EBIT margin
<10% ROIC

WE WILL

SIMPLIFY / INVEST / GROW

EXPAND SNEAKER CULTURE

POWER UP THE PORTFOLIO

DEEPEN OUR RELATIONSHIP
WITH CUSTOMERS

BE BEST IN CLASS OMNI

CREATE VALUE FOR
ALL STAKEHOLDERS

LONG-TERM

>\$10B of revenue

>25% exclusive
>40% non-Nike vendors

>50% off-mall in NA
>20% in new formats

>70% sales from loyalty

>25% eCommerce

>10% EBIT margin
Low to Mid-Teens ROIC

FOOT LOCKER, INC.

Expand Sneaker Culture:
We will leverage our key equities while increasing
our array of brands



Broaden the consumer occasions
that drive sneaker buying



Strengthen brand relations to
provide more choice
to customers

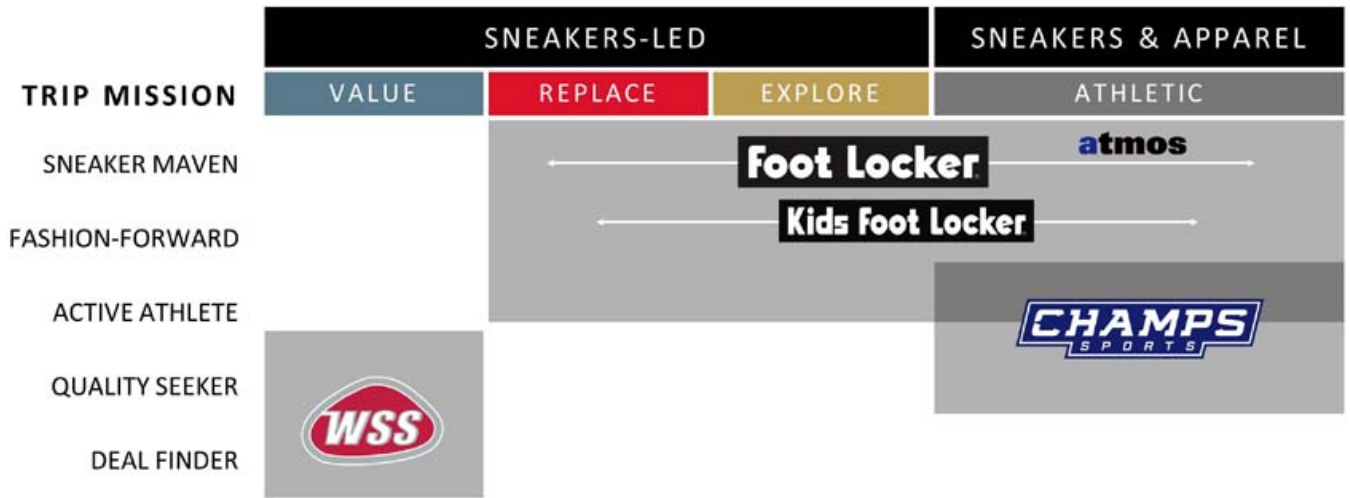


Drive distinction through
exclusive concepts and
basketball leadership



FOOT LOCKER, INC.

Power Up the Portfolio: Creating distinct lanes for our banners



FOOT LOCKER, INC.

Power Up the Portfolio:

Transforming
our real estate portfolio



Scaling new concepts with bigger footprints to accelerate growth & broaden our reach



Strengthening our store portfolio off-mall and rationalizing underperforming mall stores



Optimizing our International portfolio, focusing on key markets and licensed models

FOOT LOCKER, INC.

Power Up the Portfolio:

Transforming our real estate portfolio

2022

BY 2026

2,700 Stores

~2,400 Stores

Optimizing Our Store Count (Down Over 10%)

13.2M sq. ft.

14.5M sq. ft.

Growing Our Square Footage (Up ~10%)

~120 Locations

>400 Locations

In New Formats
(8% Of Square Footage)

In New Formats
(>20% Of Square Footage)

Open >300 Stores In New Concepts

~35% Off-Mall*

>50% Off-Mall*

Shift To Higher Performing Off-mall Locations

* Square Footage In North America



FOOT LOCKER, INC.

We will evolve our data, loyalty and personalization efforts to deepen our relationship with more consumers

Invest into our
technology and data
capabilities

Reset FLX to drive
greater relevancy



Deliver more relevant, personalized
engagement across our funnel



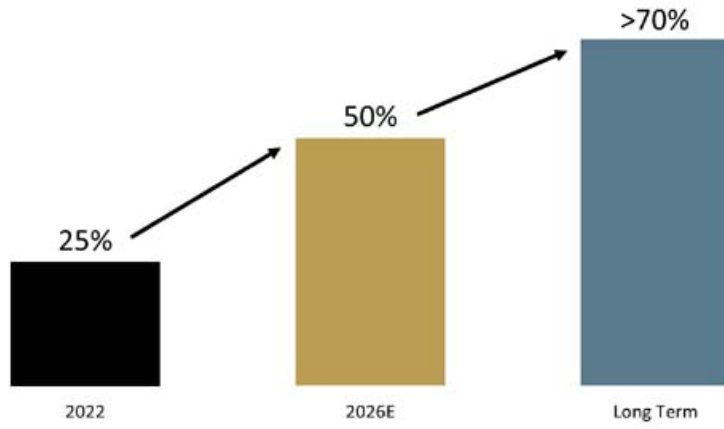
FOOT LOCKER, INC.



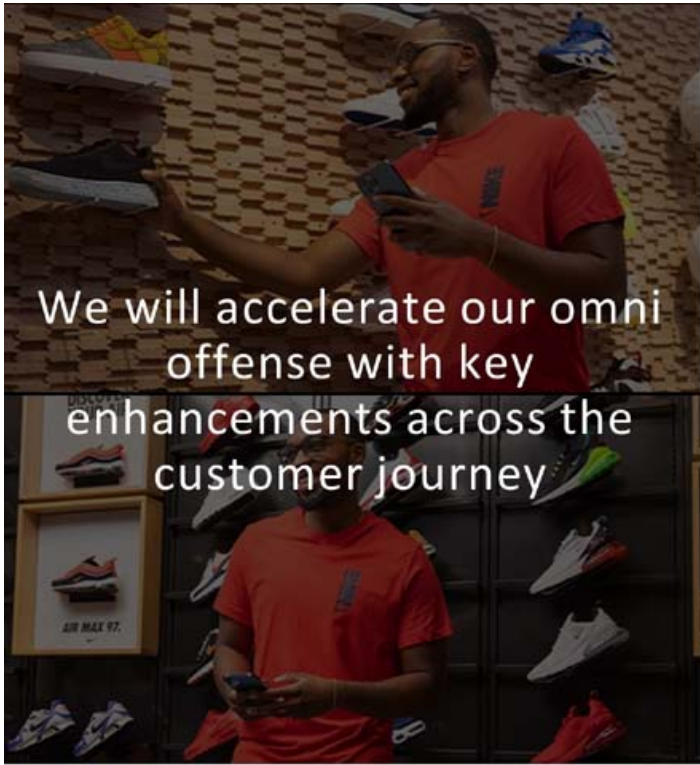
Deepen our Relationship with Customers



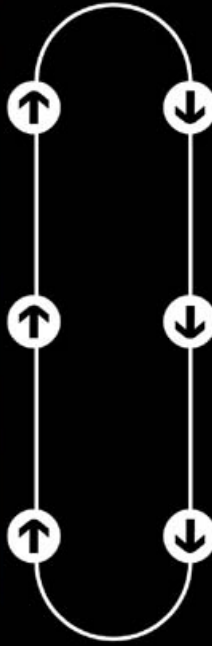
% LOYALTY SALES



FOOT LOCKER, INC.



We will accelerate our omni offense with key enhancements across the customer journey



PRE-PURCHASE

Drive discovery and engagement through a more personalized and dynamic pre-purchase experience

PURCHASE

Deliver a seamless purchase experience that drives connectivity between channels

POST-PURCHASE

Enhance the post purchase experience with a frictionless fulfillment process



FOOT LOCKER, INC.

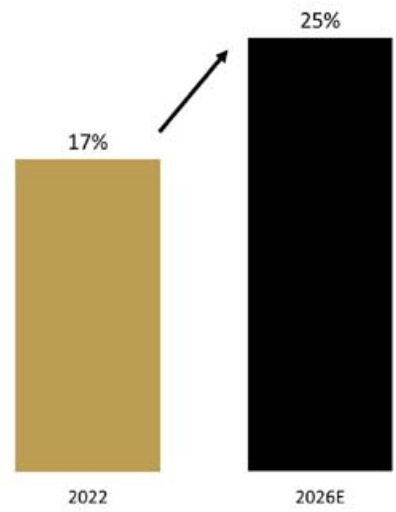




Our aspirations and digital target

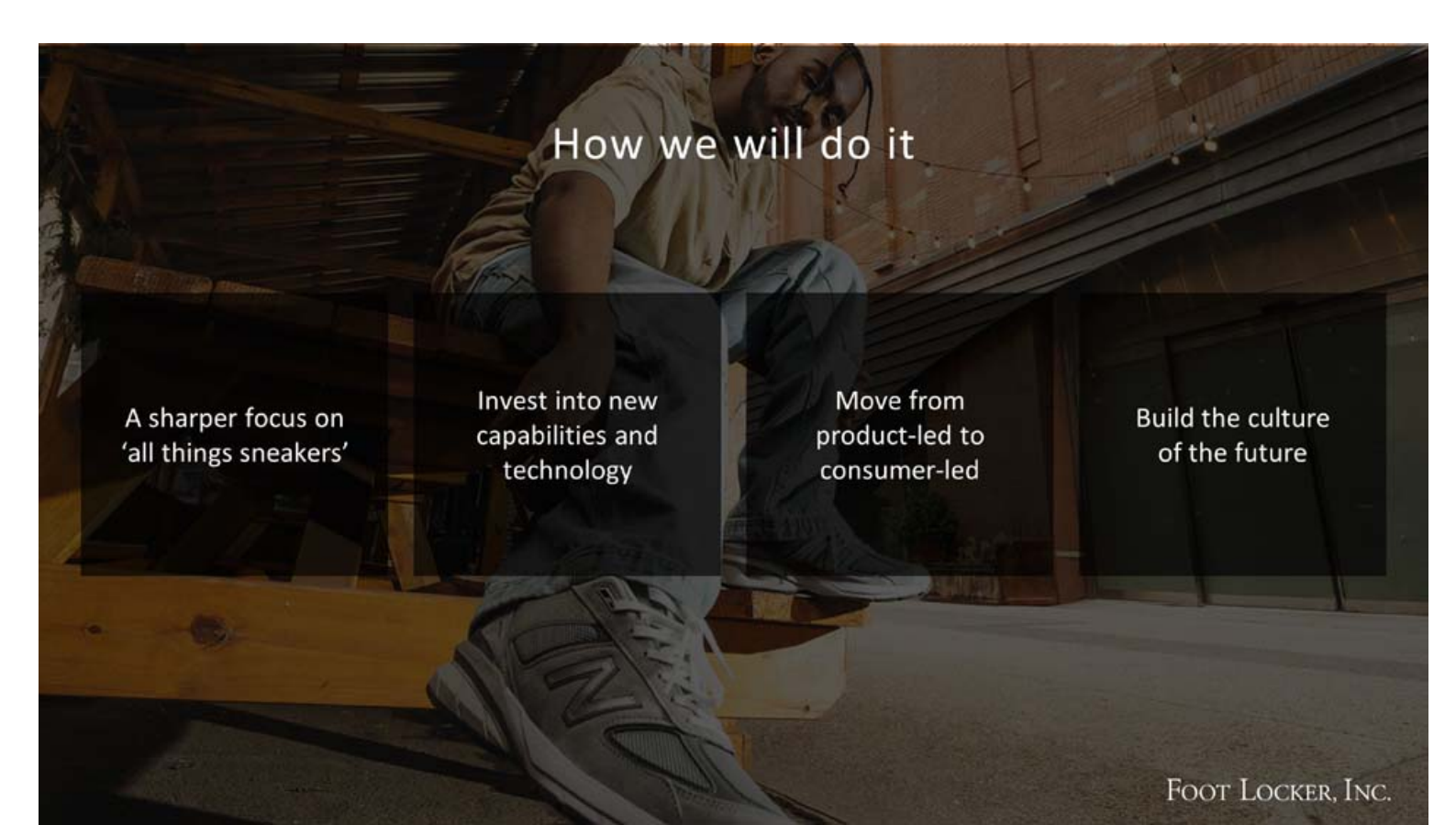
~\$2.5B
of sales

DIGITAL PENETRATION
(% OF SALES)



FOOT LOCKER, INC.





How we will do it

A sharper focus on
'all things sneakers'

Invest into new
capabilities and
technology

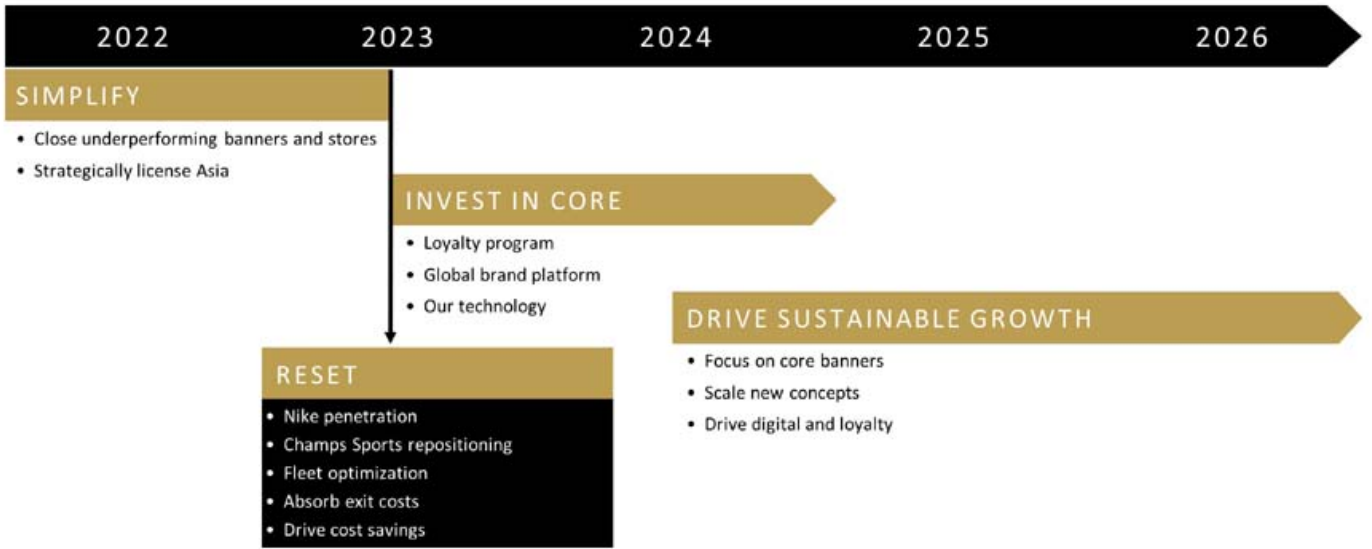
Move from
product-led to
consumer-led

Build the culture
of the future

FOOT LOCKER, INC.

Our path to get there

TRANSFORM TO GROW



FOOT LOCKER, INC.

ESG UPDATES

Delivering on Our Purpose Responsibly

Leveraging the power of our people and communities

- ✓ Foot Locker is investing in its leading education & economic development initiative to invest in, amplify, and empower the Black community. As of FY21 year-end, total investments was nearly \$54M
- ✓ The Community Power Stores exemplify experiential retailing by reflecting the communities they serve via ongoing community events and custom artwork displays by local artists
- ✓ Advancing our diversity, inclusion, and belonging strategy and placing people at the center

Strengthening the sustainability of our supply chain

- ✓ 100% CPSIA compliance
- ✓ Tracking and reducing global average shipping miles per package
- ✓ New state-of-the-art distribution center integrating sustainable elements

Managing and reducing our environmental impacts

- ✓ Ambition to achieve net zero GHG emission by 2050 or sooner
- ✓ A commitment to reforestation with 23k trees planted
- ✓ Using 85% post-consumer recycling material in plastic carrier bags

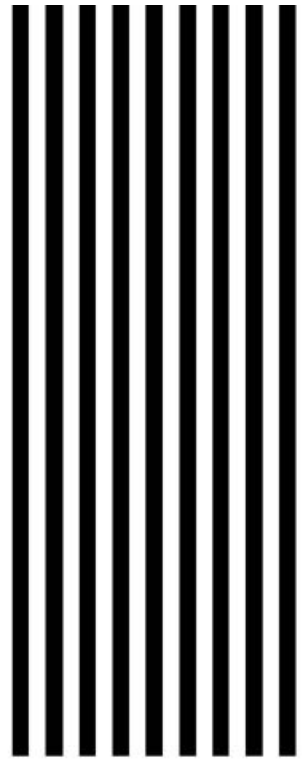
Operating ethically and transparently

- ✓ Engaging with shareholders and proxy advisor firms on ESG issues
- ✓ Internal audit fully embedded in ESG strategy, controls, and reporting
- ✓ The creation of a data governance function and a chief privacy officer role
- ✓ Third-party independent limited assurance for certain ESG metrics in the impact report





APPENDIX



FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations

	First Quarter	
	2023	2022
Pre-tax income:		
Income before income taxes	\$ 57	\$ 190
Pre-tax adjustments excluded from GAAP:		
Impairment and other	39	6
Other income / expense	1	24
Adjusted income before income taxes (non-GAAP)	\$ 97	\$ 220
After-tax income:		
Net income attributable to Foot Locker, Inc.	\$ 36	\$ 133
After-tax adjustments excluded from GAAP:		
Impairment and other, net of income tax benefit of \$6 and \$2 million, respectively	33	4
Other income / expense, net of income tax benefit of \$- and \$6 million, respectively	1	18
Tax reserves benefit	(4)	—
Adjusted net income (non-GAAP)	\$ 66	\$ 155

FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations (cont.)

	First Quarter	
	2023	2022
Earnings per share:		
Diluted earnings per share	\$ 0.38	\$ 1.37
Diluted EPS amounts excluded from GAAP:		
Impairment and other	0.36	0.05
Other income / expense	—	0.18
Tax reserves benefit	(0.04)	—
Adjusted diluted earnings per share (non-GAAP)	\$ 0.70	\$ 1.60

The notes to the non-GAAP reconciliation tables are contained in the full text of this morning's press release. Additionally, 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.