

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): **August 23, 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 August 23, 2023, Foot Locker, Inc. (the “Company”) issued a press release (the “Press Release”) announcing its second 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 August 23, 2023 to discuss its second 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 second 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 second quarter 2023 performance to its performance in the comparable prior-year period. The non-GAAP financial measures are provided in addition to, and not as an alternative to, the Company’s reported results prepared in accordance with GAAP. A reconciliation to GAAP is provided in the Condensed Consolidated Statements of Operations.

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

Item 7.01. Regulation FD Disclosure.

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

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

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press Release, dated August 23, 2023. |
| 99.2 | Investor Presentation, dated August 23, 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: August 23, 2023

By: /s/ Michael Baughn
Name: Michael Baughn
Title: Executive Vice President and
Chief Financial Officer

FOOT LOCKER, INC.

NEWS RELEASE

Contacts: Kate Fitzsimons
Investor Relations
ir@footlocker.com
(212) 720-4600

Olivia Mata
Corporate Communications
mediarelations@footlocker.com
(815) 763-3159

FOOT LOCKER, INC. REPORTS 2023 SECOND QUARTER RESULTS

- Total Sales Decreased 9.9%; Comparable-Store Sales Decreased 9.4%
- EPS Loss of \$0.05 and Non-GAAP EPS Gain of \$0.04
 - Lowering 2023 Sales and Earnings Guidance
 - Pausing Dividend to Enhance Flexibility
 - Reiterating Commitment to Lace Up Plan

NEW YORK, NY, August 23, 2023 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its second quarter ended July 29, 2023.

Mary Dillon, President and Chief Executive Officer, said “Our second quarter was broadly in line with our expectations, despite the still-tough consumer backdrop. However, we did see a softening in trends in July and are adjusting our 2023 outlook to allow us to best compete for price-sensitive consumers, while still leaning into the strategic investments that drive our Lace Up plan. Importantly, we are continuing to make progress on our inventory levels and look to best position the business for the upcoming holiday season and into 2024.”

Ms. Dillon continued, “We remain committed to our Lace Up plan as introduced at our March 2023 Investor Day, and we are encouraged by the progress we are making against our strategic priorities heading towards the holiday season. To ensure that we have the flexibility to continue to fund our strategic investments appropriately, we are pausing our quarterly cash dividend beyond our Board’s recently-approved October payout. We intend to update the market on our go-forward capital allocation plans and the timing around our longer-term financial targets when we report fourth quarter results.”

Second Quarter Results

- Total sales decreased by 9.9%, to \$1,861 million, as compared with sales of \$2,065 million in the second quarter of 2022. Excluding the effect of foreign exchange rate fluctuations, total sales for the second quarter decreased by 10.2%.
- Comparable-store sales decreased by 9.4%, driven by ongoing consumer softness, changing vendor mix, and the repositioning of Champs Sports.

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

- Gross margin declined by 460 basis points as compared with the prior-year period, driven by an increase in promotional activity, which included higher markdowns, as well as occupancy deleverage and higher shrink.

-MORE-

- SG&A increased by 190 basis points as a percentage of sales compared with the prior-year period, with savings from the cost optimization program more than offset by underlying deleverage on the sales decline, inflation, and investments in front-line wages and technology.
- The Company had a loss of \$5 million in the second quarter, as compared with net income of \$94 million in the corresponding prior-year period. On a Non-GAAP basis, net income was \$4 million, as compared with \$105 million in the corresponding prior-year period.
- For the quarter, the Company had a net loss of \$0.05 per share, as compared with income of \$0.99 per share in the second quarter of 2022. Non-GAAP earnings per share decreased to \$0.04 per share, as compared with \$1.10 per share in the corresponding prior-year period.

Balance Sheet

At quarter-end, the Company's cash and cash equivalents totaled \$180 million, while debt on its balance sheet was \$450 million.

As of July 29, 2023, the Company's merchandise inventories were \$1.8 billion, 11% higher than at the end of the second quarter last year and sequentially improved from the 25% increase at the end of the first quarter of 2023.

Dividend and Share Repurchases

During the second quarter of 2023, the Company paid a quarterly dividend of \$0.40 per share for a total of \$37 million. The Company did not repurchase any shares during the second quarter.

To increase balance sheet flexibility in support of longer-term strategic priorities, the company is pausing its quarterly cash dividends beyond its recently-approved payout on October 27 to holders of record on October 13.

Store Base Update

During the second quarter, the Company opened 15 new stores, remodeled, or relocated 16 stores, and closed 108 stores.

As of July 29, 2023, the Company operated 2,599 stores in 26 countries in North America, Europe, Asia, Australia, and New Zealand. In addition, 184 franchised stores were operating in the Middle East and Asia.

-MORE-

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 6.5% to 8.0% | Down 8.0% to 9.0% | Including ~1% from the extra week |
| Comparable Sales Change | Down 7.5% to 9.0% | Down 9.0% to 10.0% | Continuation of year-to-date trends at mid-point |
| Square Footage Change | Down ~4% | | |
| Licensing Revenue | ~\$20 million | ~\$17 million | |
| Gross Margin | 28.6% to 28.8% | 27.8% to 28.0% | More aggressive markdowns |
| SG&A Rate | 22.4% to 22.6% | 22.7% to 22.9% | |
| D&A | ~\$205 million | ~\$203 million | |
| Interest | ~\$16 million | ~\$12 million | |
| Non-GAAP Tax Rate | 32.9% to 33.1% | ~33.0% | |
| Non-GAAP EPS | \$2.00-\$2.25 | \$1.30-\$1.50 | Includes \$0.15 from the extra week |
| Adj. Capital Expenditures* | ~\$305 million | ~\$290 million | Favorable project pricing and timing |

* Adjusted Capex includes capitalized Technology expense

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

Conference Call and Webcast

The Company is hosting a live conference call at 10:00 a.m. ET today, August 23, 2023, to review these results and provide an update on the business. An investor presentation will be available under the Investor Relations section of the Company's corporate website before the start of the conference call. This conference call may be accessed live by calling toll-free 1-844-701-1163 or international toll 1-412-317-5490, or via the Investor Relations section of footlocker-inc.com. Please log on to the website 15 minutes prior to the call to register. An archived replay of the conference call can be accessed approximately one hour following the end of the call at 1-877-344-7529 in the U.S., 1-855-669-9658 in Canada, and 1-412-317-0088 internationally with passcode 7255593 through September 6, 2023. A replay of the call will also be available via webcast from footlocker-inc.com.

-MORE-

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.

-MORE-

FOOT LOCKER, INC.

Condensed Consolidated Statements of Operations (unaudited)

Periods ended July 29, 2023 and July 30, 2022

(In millions, except per share amounts)

| | Second Quarter | | Year-to-Date | |
|---|----------------|----------|--------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Sales | \$ 1,861 | \$ 2,065 | \$ 3,788 | \$ 4,240 |
| Licensing revenue | 3 | 3 | 7 | 6 |
| Total revenue | 1,864 | 2,068 | 3,795 | 4,246 |
| Cost of sales | 1,357 | 1,411 | 2,706 | 2,846 |
| Selling, general and administrative expenses | 442 | 452 | 873 | 915 |
| Depreciation and amortization | 50 | 51 | 101 | 105 |
| Impairment and other | 14 | 12 | 53 | 18 |
| Income from operations | 1 | 142 | 62 | 362 |
| Interest expense, net | (4) | (5) | (5) | (10) |
| Other income / (expense), net | — | 6 | (3) | (19) |
| Income / (loss) before income taxes | (3) | 143 | 54 | 333 |
| Income tax expense | 2 | 49 | 23 | 107 |
| Net income / (loss) | (5) | 94 | 31 | 226 |
| Net loss attributable to noncontrolling interests | — | — | — | 1 |
| Net income / (loss) attributable to Foot Locker, Inc. | \$ (5) | \$ 94 | \$ 31 | \$ 227 |
| Diluted earnings per share | \$ (0.05) | \$ 0.99 | \$ 0.33 | \$ 2.36 |
| Weighted-average diluted shares outstanding | 94.2 | 95.1 | 95.0 | 96.1 |

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.

-MORE-

FOOT LOCKER, INC.

Non-GAAP Reconciliation (unaudited)

Periods ended July 29, 2023 and July 30, 2022
(In millions, except per share amounts)

Reconciliation of GAAP to non-GAAP results:

| | Second Quarter | | Year-to-Date | |
|---|----------------|--------|--------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Pre-tax income: | | | | |
| Income / (loss) before income taxes | \$ (3) | \$ 143 | \$ 54 | \$ 333 |
| Pre-tax adjustments excluded from GAAP: | | | | |
| Impairment and other (1) | 14 | 12 | 53 | 18 |
| Other income / expense (2) | (2) | (6) | (1) | 18 |
| Adjusted income before income taxes (non-GAAP) | \$ 9 | \$ 149 | \$ 106 | \$ 369 |
| After-tax income: | | | | |
| Net income / (loss) attributable to Foot Locker, Inc. | \$ (5) | \$ 94 | \$ 31 | \$ 227 |
| After-tax adjustments excluded from GAAP: | | | | |
| Impairment and other, net of income tax benefit of \$3, \$3, \$9, and \$5 million, respectively (1) | 11 | 9 | 44 | 13 |
| Other income / expense, net of income tax benefit of \$-, \$(3), \$-, and \$3 million, respectively (2) | (2) | (3) | (1) | 15 |
| Tax reserves benefit / charge (3) | — | 5 | (4) | 5 |
| Adjusted net income (non-GAAP) | \$ 4 | \$ 105 | \$ 70 | \$ 260 |

| | Second Quarter | | Year-to-Date | |
|--|----------------|---------|--------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Earnings per share: | | | | |
| Diluted earnings per share | \$ (0.05) | \$ 0.99 | \$ 0.33 | \$ 2.36 |
| Diluted EPS amounts excluded from GAAP: | | | | |
| Impairment and other (1) | 0.12 | 0.09 | 0.47 | 0.14 |
| Other income / expense (2) | (0.03) | (0.03) | (0.02) | 0.16 |
| Tax reserves benefit / charge (3) | — | 0.05 | (0.04) | 0.05 |
| Adjusted diluted earnings per share (non-GAAP) | \$ 0.04 | \$ 1.10 | \$ 0.74 | \$ 2.71 |

Notes on Non-GAAP Adjustments:

- For the second quarter of 2023, impairment and other included transformation consulting expense of \$7 million, impairment charges of \$3 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$3 million of reorganization costs, primarily related to the closures of the Sidestep banner and certain Foot Locker Asia stores. For year-to-date 2023, impairment and other included transformation consulting expense of \$26 million, impairment charges of \$21 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$5 million of reorganizations costs, primarily related to the announced closure of a North American distribution center and the closures of the Sidestep banner and certain Foot Locker Asia stores.
For the second quarter of 2022, impairment and other charges included \$9 million of transformation consulting, \$1 million of acquisition integration costs, and \$2 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. For year-to-date 2022, impairment and other charges included \$10 million of transformation consulting, \$3 million of acquisition integration costs, and \$5 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges.
- For the second quarter of 2023, other income / expense consisted of a \$2 million gain from the sale of our Singapore and Malaysian Foot Locker businesses to our license partner, which was partially offset by our share of losses related to equity method investments of \$1 million for year-to-date 2023.
Other income / expense for the second quarter of 2022 primarily consisted of an \$18 million gain on the divestiture of the Team Sales business, partially offset by a \$12 million loss on minority investments, primarily due to a change in fair value of the investment in Retailors, Ltd., a publicly listed entity. The year-to-date 2022 amount also included \$24 million of additional losses on minority investments, primarily from the investment in Retailors, Ltd.
- 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, we recorded a \$5 million charge related to our income tax reserves due to the resolution of a foreign tax settlement. In the second quarter of 2022, the Company recorded a \$5 million charge related to the Company's income tax reserves due to the resolution of a foreign tax settlement.

-MORE-

FOOT LOCKER, INC.

Sales by Banner (unaudited)

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

| | Second Quarter | | | | Year-to-Date | | | |
|------------------|-----------------|-----------------|---------------------|------------------|--------------|--------------|---------------------|------------------|
| | 2023 | 2022 | Constant Currencies | Comparable Sales | 2023 | 2022 | Constant Currencies | Comparable Sales |
| Foot Locker | \$ 704 | \$ 752 | (5.9)% | (4.6)% | 1,448 | 1,559 | (6.5)% | (5.0)% |
| Champs Sports | 293 | 406 | (27.6) | (25.3) | 621 | 860 | (27.4) | (24.9) |
| Kids Foot Locker | 146 | 155 | (5.8) | (4.7) | 313 | 335 | (6.6) | (6.3) |
| WSS | 145 | 138 | 5.1 | (7.9) | 295 | 276 | 6.9 | (6.2) |
| Other | — | 37 | (100.0) | n.m. | — | 90 | (100.0) | n.m. |
| North America | 1,288 | 1,488 | (13.1) | (12.4) | 2,677 | 3,120 | (13.8) | (12.6) |
| Foot Locker | 416 | 404 | 0.2 | (1.1) | 795 | 781 | 1.9 | 0.5 |
| Sidestep | 12 | 25 | (56.0) | (34.7) | 26 | 49 | (49.0) | (36.6) |
| EMEA | 428 | 429 | (3.0) | (2.3) | 821 | 830 | (1.1) | (1.2) |
| Foot Locker | 102 | 100 | 4.0 | 5.7 | 200 | 193 | 8.3 | (20.4) |
| atmos | 43 | 48 | (12.5) | (10.0) | 90 | 97 | (3.1) | 12.7 |
| Asia Pacific | 145 | 148 | (1.4) | 0.4 | 290 | 290 | 4.5 | 8.9 |
| Total | \$ 1,861 | \$ 2,065 | (10.2)% | (9.4)% | 3,788 | 4,240 | (10.0)% | (9.2)% |

-MORE-

FOOT LOCKER, INC.

Condensed Consolidated Balance Sheets
(unaudited)
(In millions)

| | July 29, 2023 | | July 30, 2022 |
|--|------------------|----|------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 180 | \$ | 386 |
| Merchandise inventories | 1,831 | | 1,644 |
| Other current assets | 360 | | 285 |
| | 2,371 | | 2,315 |
| Property and equipment, net | 898 | | 899 |
| Operating lease right-of-use assets | 2,266 | | 2,526 |
| Deferred taxes | 94 | | 74 |
| Goodwill | 774 | | 773 |
| Other intangible assets, net | 415 | | 432 |
| Minority investments | 629 | | 736 |
| Other assets | 89 | | 113 |
| | \$ 7,536 | \$ | 7,868 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 514 | \$ | 596 |
| Accrued and other liabilities | 419 | | 435 |
| Current portion of long-term debt and obligations under finance leases | 6 | | 6 |
| Current portion of lease obligations | 513 | | 548 |
| | 1,452 | | 1,585 |
| Long-term debt and obligations under finance leases | 444 | | 449 |
| Long-term lease obligations | 2,071 | | 2,287 |
| Other liabilities | 322 | | 330 |
| Total liabilities | 4,289 | | 4,651 |
| Total shareholders' equity | 3,247 | | 3,217 |
| | \$ 7,536 | \$ | 7,868 |

-MORE-

FOOT LOCKER, INC.

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

| (\$ in millions) | Twenty-six weeks ended | |
|---|------------------------|------------------|
| | July 29, 2023 | July 30, 2022 |
| From operating activities: | | |
| Net income | \$ 31 | \$ 226 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Non-cash impairment and other | 21 | 5 |
| Fair value adjustments to minority investments | — | 38 |
| Depreciation and amortization | 101 | 105 |
| Deferred income taxes | (3) | 8 |
| Share-based compensation expense | 4 | 16 |
| Gain on sales of businesses | (2) | (18) |
| Change in assets and liabilities: | | |
| Merchandise inventories | (194) | (413) |
| Accounts payable | 23 | 10 |
| Accrued and other liabilities | (97) | (69) |
| Other, net | (68) | (10) |
| Net cash used in operating activities | (184) | (102) |
| From investing activities: | | |
| Capital expenditures | (105) | (156) |
| Purchase of business, net of cash acquired | — | (12) |
| Minority investments | (1) | (4) |
| Proceeds from sales of businesses | 10 | 47 |
| Proceeds from minority investments | — | 12 |
| Net cash used in investing activities | (96) | (113) |
| From financing activities: | | |
| Dividends paid on common stock | (75) | (76) |
| Purchase of treasury shares | — | (129) |
| Payment of obligations under finance leases | (3) | (3) |
| Shares of common stock repurchased to satisfy tax withholding obligations | (10) | (1) |
| Treasury stock reissued under employee stock plan | 3 | 3 |
| Proceeds from exercise of stock options | 5 | 3 |
| Contribution from non-controlling interest | — | 4 |
| Net cash used in financing activities | (80) | (199) |
| Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash | 3 | (5) |
| Net change in cash, cash equivalents, and restricted cash | (357) | (419) |
| Cash, cash equivalents, and restricted cash at beginning of year | 582 | 850 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 225 | \$ 431 |

-MORE-

FOOT LOCKER, INC.

Store Count and Square Footage (unaudited)

Store activity is as follows:

| | January 28, 2023 | Opened | Closed | July 29, 2023 | Relocations/ Remodels |
|------------------------|---------------------|-----------|------------|------------------|--------------------------|
| Foot Locker U.S. | 747 | - | 8 | 739 | 10 |
| Foot Locker Canada | 86 | - | 2 | 84 | 4 |
| Champs Sports | 486 | - | 9 | 477 | - |
| Kids Foot Locker | 394 | - | 4 | 390 | 5 |
| WSS | 115 | 12 | 1 | 126 | - |
| Footaction | 2 | - | 1 | 1 | - |
| North America | 1,830 | 12 | 25 | 1,817 | 19 |
| Foot Locker Europe (1) | 644 | 14 | 18 | 640 | 11 |
| Sidestep | 78 | - | 77 | 1 | - |
| EMEA | 722 | 14 | 95 | 641 | 11 |
| Foot Locker Pacific | 94 | 1 | 1 | 94 | 4 |
| Foot Locker Asia | 33 | - | 20 | 13 | - |
| atmos | 35 | 1 | 2 | 141 | - |
| Asia Pacific | 162 | 2 | 23 | 141 | 4 |
| Total | 2,714 | 28 | 143 | 2,599 | 34 |

Selling and gross square footage are as follows:

| (in thousands) | July 30, 2022 | | July 29, 2023 | |
|------------------------|---------------|---------------|---------------|---------------|
| | Selling | Gross | Selling | Gross |
| Foot Locker U.S. | 2,382 | 4,110 | 2,354 | 4,028 |
| Foot Locker Canada | 250 | 411 | 250 | 412 |
| Champs Sports | 1,890 | 2,958 | 1,760 | 2,761 |
| Kids Foot Locker | 744 | 1,256 | 750 | 1,259 |
| WSS | 1,035 | 1,301 | 1,301 | 1,562 |
| Footaction | 38 | 67 | 3 | 6 |
| North America | 6,339 | 10,103 | 6,418 | 10,028 |
| Foot Locker Europe (1) | 1,121 | 2,322 | 1,172 | 2,399 |
| Sidestep | 101 | 191 | 10 | 20 |
| EMEA | 1,222 | 2,513 | 1,182 | 2,419 |
| Foot Locker Pacific | 196 | 303 | 219 | 334 |
| Foot Locker Asia | 126 | 233 | 52 | 98 |
| atmos | 38 | 64 | 35 | 61 |
| Asia Pacific | 360 | 600 | 306 | 493 |
| Total | 7,921 | 13,216 | 7,906 | 12,940 |

(1) Includes 16 and 14 Kids Foot Locker stores operating in Europe for January 28, 2023 and July 29, 2023, respectively, and the related square footage.

- END -

FOOT LOCKER, INC.

SECOND QUARTER 2023
EARNINGS RESULTS

AUGUST 23, 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.

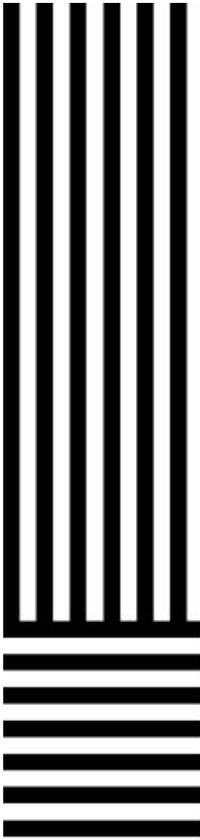
We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events, changes in circumstances, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us, or persons acting on our behalf. Management cautions 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.



Second QUARTER

2023 RESULTS

FOOT LOCKER, INC.



SECOND QUARTER 2023 HIGHLIGHTS

COMP SALES

-9.4%

Total sales -9.9%
Constant FX -10.2%

Comps by Region

| | |
|------|--------|
| NA | -12.4% |
| EMEA | -2.3% |
| APAC | +0.4% |

Gross margin

-460 bps

On Markdowns and Occupancy

SG&A rate

+190 bps

Inflation and Investments

Inventory
remains up
but moderating

+11%

Year-over-year

GAAP EPS

-\$0.05

Non-GAAP EPS*

\$0.04

* A reconciliation to GAAP is provided in the Appendix

FOOT LOCKER, INC.

2Q GLOBAL COMP DETAIL



Footwear
Down High-Single Digits



Apparel
Down Mid-Teens



Accessories
Down Low-Double Digits

Down
Low-Double Digits

May

Down
High-Single Digits

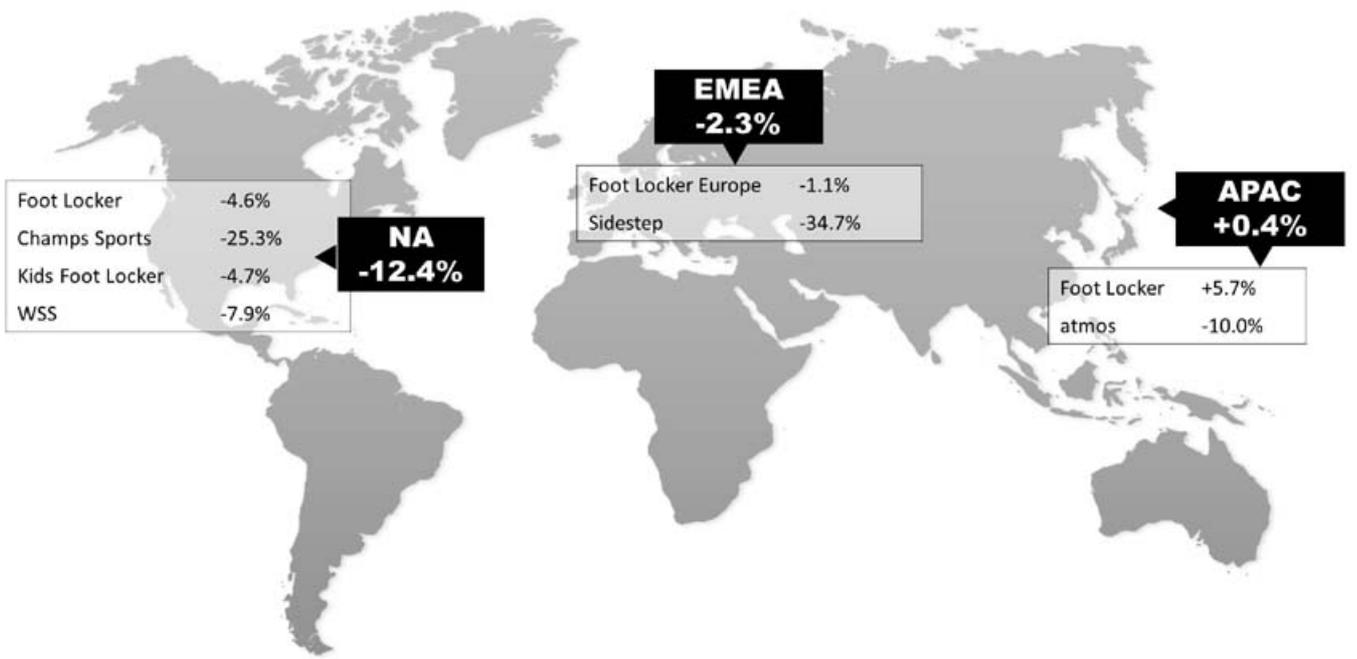
June

Down
Low-Double Digits

July

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

FOOT LOCKER, INC.



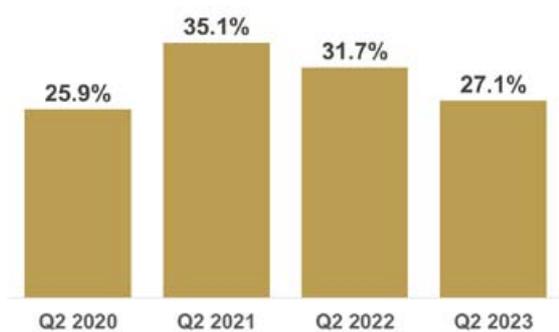
FOOT LOCKER, INC.



SECOND QUARTER 2023 GROSS MARGIN AND SG&A

GROSS MARGIN

(% of sales)



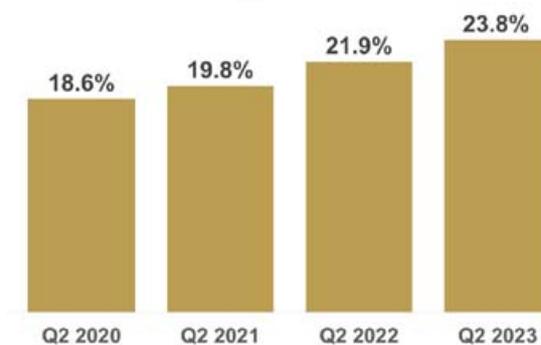
Down 460 bps Vs. Last Year

Key Drivers

- Merchandise Margin Fell 300 Bps On Higher Markdowns and Increase in Shrink
- Occupancy Deleveraged 160 Bps

SG&A EXPENSES

(%) of sales



Up 190 bps Vs. Last Year

Key Drivers

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

FOOT LOCKER, INC.

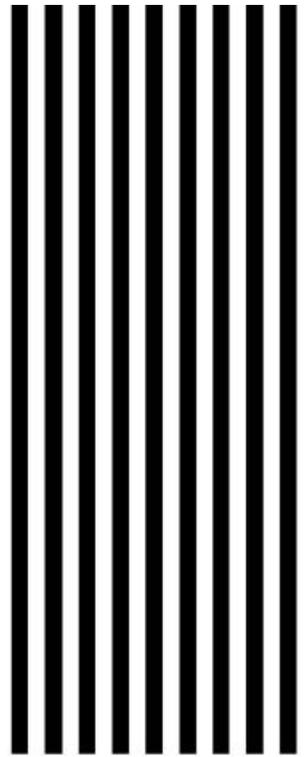


| Metric | Prior Outlook | Updated Outlook | Commentary |
|----------------------|-------------------|--------------------|--|
| Total Sales | Down 6.5% to 8.0% | Down 8.0% to 9.0% | Including 1% from extra week |
| Comp Sales | Down 7.5% to 9.0% | Down 9.0% to 10.0% | Continuation of year-to-date trends at mid-point |
| Store Count | Down ~9% | Down ~9% | |
| Square Footage | Down ~4% | Down ~4% | |
| Licensing Revenue | ~\$20 million | ~\$17 million | |
| Gross Margin | 28.6% to 28.8% | 27.8%-28.0% | More aggressive markdowns |
| SG&A Rate | 22.4% to 22.6% | 22.7%-22.9% | |
| D&A | ~\$205 million | ~\$203 million | |
| Net Interest | ~\$16 million | ~\$12 million | |
| Non-GAAP Tax Rate | 32.9% to 33.1% | ~33.0% | |
| Non-GAAP EPS | \$2.00-\$2.25 | \$1.30-\$1.50 | Includes \$0.15 from extra week |
| Capital Expenditures | ~\$305 million | ~\$290 million | Favorable project pricing and timing |

FOOT LOCKER, INC.



Our Lace Up Plan



FOOT LOCKER, INC.

Our Lace Up Progress in 2Q23

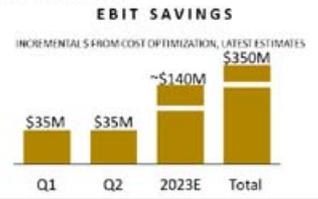
Expand Sneaker Culture

Increase our array of brands to expand sneaker culture



Create Value for all Stakeholders

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



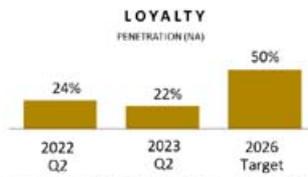
Power Up Our Portfolio

Transform our store footprint through new concepts and footprint optimization



Deepen Our Relationship with Customers

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



Be Best-in-class Omni

Make the customer journey more dynamic, personalized, and seamless



*16.9% penetration with Eastbay
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



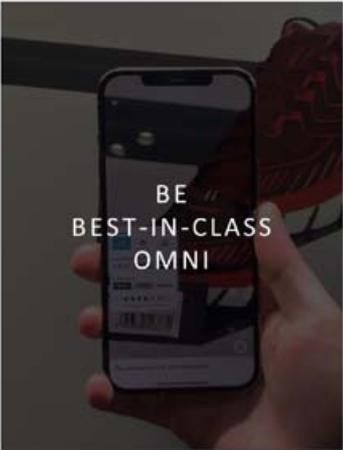
Celebrate the Hispanic community

atmos

Share Japanese street and sneaker culture

FOOT LOCKER, INC.

Our "Lace Up" plan

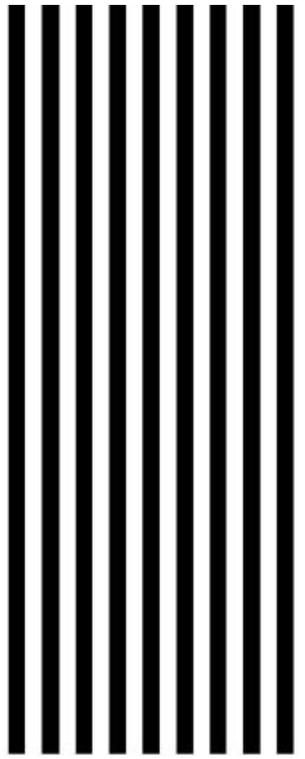


CREATE VALUE FOR ALL STAKEHOLDERS (CUSTOMERS, COMMUNITY, TEAM MEMBERS, & INVESTORS)



FOOT LOCKER, INC.

➔ APPENDIX



FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations

Periods ended July 29, 2023 and July 30, 2022
(In millions, except per share amounts)

Reconciliation of GAAP to non-GAAP results:

| | Second Quarter | | Year-to-Date | |
|--|----------------|--------|--------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Pre-tax income: | | | | |
| Income before income taxes | \$ (3) | \$ 143 | \$ 54 | \$ 333 |
| Pre-tax adjustments excluded from GAAP: | | | | |
| Impairment and other (1) | 14 | 12 | 53 | 18 |
| Other income / expense (2) | (2) | (6) | (1) | 18 |
| Adjusted income before income taxes (non-GAAP) | \$ 9 | \$ 149 | \$ 106 | \$ 369 |
| After-tax income: | | | | |
| Net income/ (loss) attributable to Foot Locker, Inc. | \$ (5) | \$ 94 | \$ 31 | \$ 227 |
| After-tax adjustments excluded from GAAP: | | | | |
| Impairment and other, net of income tax benefit of \$3, \$3, \$9, and \$5 million, respectively (1) | 11 | 9 | 44 | 13 |
| Other income / expense, net of income tax benefit of \$-, S(3), \$-, and \$3 million, respectively (2) | (2) | (3) | (1) | 15 |
| Tax reserves benefit / charge (3) | — | 5 | (4) | 5 |
| Adjusted net income (non-GAAP) | \$ 4 | \$ 105 | \$ 70 | \$ 260 |

FOOT LOCKER, INC.

GAAP to Non-GAAP Reconciliations (cont.)

| | Second Quarter | | Year-to-Date | |
|---|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Earnings per share: | | | | |
| Diluted earnings per share | \$ (0.05) | \$ 0.99 | \$ 0.33 | \$ 2.36 |
| Diluted EPS amounts excluded from GAAP: | | | | |
| Impairment and other (1) | 0.12 | 0.09 | 0.47 | 0.14 |
| Other income / expense (2) | (0.03) | (0.03) | (0.02) | 0.16 |
| Tax reserves benefit / (charge) (3) | — | 0.05 | (0.04) | 0.05 |
| Adjusted diluted earnings per share (non-GAAP) | \$ 0.04 | \$ 1.10 | \$ 0.74 | \$ 2.71 |

Notes on Non-GAAP Adjustments

(1) For the second quarter of 2023, impairment and other included transformation consulting expense of \$3 million, impairment charges of \$2 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the TruScape banner and certain Foot Locker Asia stores, and \$1 million of reorganization costs, primarily related to costs associated with the closures of the Subarus banner and certain Foot Locker Asia stores. For year-to-date 2023, impairment and other included transformation consulting expense of \$26 million, impairment charges of \$15 million, primarily accelerated tenancy charges on right-of-use assets for the closures of the TruScape banner and certain Foot Locker Asia stores, and \$3 million of reorganization costs, primarily related to the announced closure of a fourth American club location and other costs associated with the closures of the TruScape banner and certain Foot Locker Asia stores. For the second quarter of 2022, impairment and other charges included \$9 million of transformation consulting, \$1 million of acquisition integration costs, and \$2 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges. For year-to-date 2022, impairment and other charges included \$10 million of transformation consulting, \$3 million of acquisition integration costs, and \$5 million of impairment of long-lived assets and right-of-use assets and accelerated tenancy charges.

(2) For the second quarter of 2023, other income / expense consisted of a \$2 million gain from the sale of our Tongpoo and Matsuyama Foot Locker to spouses to our former partner, which was partially offset by our share of losses related to equity method investments of \$3 million for year-to-date 2023. Other income / expense for the second quarter of 2022 primarily consisted of an \$8 million gain on the divestiture of the Team Sales business, partially offset by a \$1 million loss on minority investments, primarily due to a change in fair value of the investment in Reckon, Ltd., a publicly listed entity. The year-to-date 2022 amount also included \$24 million of additional losses on minority investments, primarily from the investment in Kentucky, Ltd.

(3) 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, we recorded a \$5 million charge related to our income tax reserves due to the resolution of a fore-fee tax settlement. In the second quarter of 2022, the Company recorded a \$5 million charge related to the Company's 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.