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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: July 29, 2023

OR

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

For the transition period from __________ to __________

Commission File Number: 1-10299

FOOT LOCKER, INC.
(Exact name of registrant as specified in its charter)

New York	**13-3513936**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

330 West 34th Street, New York, New York 10001
(Address of principal executive offices, Zip Code)
(212-720-3700)
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

Number of shares of Common Stock outstanding as of August 25, 2023: 94,159,150

FOOT LOCKER, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Examples of forward-looking statements include, but are not limited to, statements regarding our financial position, business strategy, and other plans and objectives for our future operations, and generation of free cash flow. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. The forward-looking statements contained herein are largely based on our expectations for the future, which reflect certain estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions, operating trends, and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. As such, management’s assumptions about future events may prove to be inaccurate.

We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events, changes in circumstances, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us, or persons acting on our behalf. Management cautions you that the forward-looking statements contained herein are not guarantees of future performance, and we cannot assure you that such statements will be realized or that the events and circumstances they describe will occur. Factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements herein include, but are not limited to, a change in the relationship with any of our key suppliers, including access to premium products, volume discounts, cooperative advertising, markdown allowances, or the ability to cancel orders or return merchandise; our ability to fund our planned capital investments; a recession, volatility in the financial markets, and other global economic factors, including inflation; difficulties in appropriately allocating capital and resources among our strategic opportunities; our ability to realize the expected benefits from acquisitions; business opportunities and expansion; investments; expenses; dividends; share repurchases; cash management; liquidity; cash flow from operations; our ability to access the credit markets at competitive terms; borrowing capacity under our credit facility; repatriation of cash to the United States; supply chain issues; labor shortages and wage pressures; consumer spending levels; the effect of certain governmental assistance programs; 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 filing. Additional risks and uncertainties that we do not presently know about or that we currently consider to be insignificant may also affect our business operations and financial performance.

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

($ in millions, except share amounts)	July 29, 2023	July 30, 2022	January 28, 2023*
ASSETS			
Current assets:			
Cash and cash equivalents	$ **180**	$ 386	$ 536
Merchandise inventories	**1,831**	1,644	1,643
Other current assets	**360**	285	342
	2,371	2,315	2,521
Property and equipment, net	**898**	899	920
Operating lease right-of-use assets	**2,266**	2,526	2,443
Deferred taxes	**94**	74	90
Goodwill	**774**	773	785
Other intangible assets, net	**415**	432	426
Minority investments	**629**	736	630
Other assets	**89**	113	92
	$ **7,536**	$ 7,868	$ 7,907
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ **514**	$ 596	$ 492
Accrued and other liabilities	**419**	435	568
Current portion of debt and obligations under finance leases	**6**	6	6
Current portion of lease obligations	**513**	548	544
	1,452	1,585	1,610
Long-term debt and obligations under finance leases	**444**	449	446
Long-term lease obligations	**2,071**	2,287	2,230
Other liabilities	**322**	330	328
Total liabilities	**4,289**	4,651	4,614
Commitments and contingencies			
Shareholders' equity:			
Common stock and paid-in capital: 94,253,029; 99,319,014; and 93,396,901 shares issued, respectively	**767**	788	760
Retained earnings	**2,881**	3,051	2,925
Accumulated other comprehensive loss	**(397)**	(416)	(392)
Less: Treasury stock at cost: 98,990; 6,018,197; and 1,489 shares, respectively	**(4)**	(213)	—
Noncontrolling interest	**—**	7	—
Total shareholders' equity	**3,247**	3,217	3,293
	$ **7,536**	$ 7,868	$ 7,907

* The balance sheet at January 28, 2023 has been derived from the previously reported audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in Foot Locker, Inc.'s Annual Report on Form 10-K for the year ended January 28, 2023

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions, except per share amounts)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 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
Basic earnings / (loss) per share	$ **(0.05)**	$ 1.00	$ **0.33**	$ 2.39
Weighted-average shares outstanding	**94.2**	94.1	**94.0**	95.1
Diluted earnings / (loss) per share	$ **(0.05)**	$ 0.99	$ **0.33**	$ 2.36
Weighted-average shares outstanding, assuming dilution	**94.2**	95.1	**95.0**	96.1

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Foot Locker, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)

(Unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Net income / (loss) attributable to Foot Locker, Inc.	**$ (5)**	$ 94	**$ 31**	$ 227
Other comprehensive income / (loss), net of income tax				
Foreign currency translation adjustment:				
Translation adjustment arising during the period, net of income tax benefit of $-, $-, $-, and $1, respectively	**—**	(31)	**(7)**	(75)
Hedges contracts:				
Change in fair value of derivatives, net of income tax benefit of $1, $-, $1, and $-, respectively	**(3)**	(3)	**(2)**	(2)
Pension and postretirement adjustments:				
Amortization of net actuarial gain/loss and prior service cost included in net periodic benefit costs, net of income tax expense of $-, $-, $1, and $1, respectively	**2**	2	**4**	4
Comprehensive income / (loss)	**$ (6)**	$ 62	**$ 26**	$ 154

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

Thirteen weeks ended (shares in thousands, $ in millions)	Additional Paid-In Capital & Common Stock Shares	Additional Paid-In Capital & Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interests	Total Shareholders' Equity
Balance at April 29, 2023	**94,176**	**$ 766**	**(261)**	**$ (10)**	**$ 2,923**	**$ (396)**	**$ —**	**$ 3,283**
Restricted stock issued	25	—						—
Issued under director and stock plans	52	2						2
Share-based compensation expense		2						2
Shares of common stock used to satisfy tax withholding obligations			(5)	—				—
Reissued for Employee Stock Purchase Plan		(3)	167	6				3
Net income / (loss)					(5)			(5)
Cash dividends on common stock ($0.40 per share)					(37)			(37)
Translation adjustment, net of tax						—		—
Change in cash flow hedges, net of tax						(3)		(3)
Pension and postretirement adjustments, net of tax						2		2
Balance at July 29, 2023	**94,253**	**$ 767**	**(99)**	**$ (4)**	**$ 2,881**	**$ (397)**	**$ —**	**$ 3,247**

Thirteen weeks ended (shares in thousands, $ in millions)	Additional Paid-In Capital & Common Stock Shares	Additional Paid-In Capital & Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interests	Total Shareholders' Equity
Balance at April 30, 2022	**99,233**	**$ 779**	**(4,732)**	**$ (178)**	**$ 2,995**	**$ (384)**	**$ 3**	**$ 3,215**
Restricted stock issued	23	—						—
Issued under director and stock plans	63	2						2
Share-based compensation expense		9						9
Shares of common stock used to satisfy tax withholding obligations			(6)	—				—
Share repurchases			(1,400)	(40)				(40)
Reissued for Employee Stock Purchase Plan		(2)	120	5				3
Noncontrolling interest capital contribution							4	4
Net income					94			94
Cash dividends on common stock ($0.40 per share)					(38)			(38)
Translation adjustment, net of tax						(31)		(31)
Change in hedges, net of tax						(3)		(3)
Pension and postretirement adjustments, net of tax						2		2
Balance at July 30, 2022	**99,319**	**$ 788**	**(6,018)**	**$ (213)**	**$ 3,051**	**$ (416)**	**$ 7**	**$ 3,217**

Twenty-six weeks ended (shares in thousands, $ in millions)	Additional Paid-In Capital & Common Stock Shares	Additional Paid-In Capital & Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interests	Total Shareholders' Equity
Balance at January 28, 2023	**93,397**	**$ 760**	**(1)**	**$ —**	**$ 2,925**	**$ (392)**	**$ —**	**$ 3,293**
Restricted stock issued	653	—						—
Issued under director and stock plans	203	6						6
Share-based compensation expense		4						4
Shares of common stock used to satisfy tax withholding obligations			(265)	(10)				(10)
Reissued for Employee Stock Purchase Plan		(3)	167	6				3
Net income					31			31
Cash dividends on common stock ($0.80 per share)					(75)			(75)
Translation adjustment, net of tax						(7)		(7)
Change in hedges, net of tax						(2)		(2)
Pension and postretirement adjustments, net of tax					—	4		4
Balance at July 29, 2023	**94,253**	**$ 767**	**(99)**	**$ (4)**	**$ 2,881**	**$ (397)**	**$ —**	**$ 3,247**

Twenty-six weeks ended (shares in thousands, $ in millions)	Additional Paid-In Capital & Common Stock Shares	Additional Paid-In Capital & Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interests	Total Shareholders' Equity
Balance at January 29, 2022	**99,071**	**$ 770**	**(2,050)**	**$ (88)**	**$ 2,900**	**$ (343)**	**$ 4**	**$ 3,243**
Restricted stock issued	111							—
Issued under director and stock plans	137	4						4
Share-based compensation expense		16						16
Shares of common stock used to satisfy tax withholding obligations			(38)	(1)				(1)
Share repurchases			(4,050)	(129)				(129)
Reissued for Employee Stock Purchase Plan		(2)	120	5				3
Noncontrolling interest capital contribution							4	4
Net income					227		(1)	226
Cash dividends on common stock ($0.80 per share)					(76)			(76)
Translation adjustment, net of tax						(75)		(75)
Change in hedges, net of tax						(2)		(2)
Pension and postretirement adjustments, net of tax						4		4
Balance at July 30, 2022	**99,319**	**$ 788**	**(6,018)**	**$ (213)**	**$ 3,051**	**$ (416)**	**$ 7**	**$ 3,217**

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

($ 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**
Supplemental information:		
Interest paid	$ 9	$ 8
Income taxes paid	75	103
Cash paid for amounts included in measurement of operating lease liabilities	344	354
Cash paid for amounts included in measurement of finance lease liabilities	4	4
Right-of-use assets obtained in exchange for operating lease obligations	89	277
Assets obtained in exchange for finance lease obligations	—	1

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Business

Foot Locker, Inc., together with its consolidated subsidiaries ("Foot Locker," "Company," "we," "our," and "us"), is a leading footwear and apparel retailer. We have integrated all available shopping channels including stores, websites, apps, and social channels. Store sales are primarily fulfilled from the store's inventory, but may also be shipped from any of our distribution centers or from a different store location if an item is not available at the original store. Direct-to-customer orders are generally shipped to our customers through our distribution centers but may also be shipped from any store or a combination of our distribution centers and stores depending on availability of particular items. We operate in North America, Europe, and Asia Pacific, representing our operating segments. We aggregate these operating segments into one reportable segment based upon their shared customer base and similar economic characteristics.

Basis of Presentation

The accompanying interim Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of the results expected for the year. Additionally, the results of operations for the period ended July 29, 2023 are not necessarily indicative of the results to be expected for the full fiscal year due to the continued uncertainty of general economic conditions that may affect us for the remainder of the year. Fiscal year 2023 will include the 53-week period that ends on February 3, 2024.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in our 2022 Form 10-K. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. In 2023, we separately present licensing revenue as a component of total revenue in the Condensed Consolidated Statements of Operations, as previously licensing revenue was presented within other income / (expense), net.

There were no significant changes to the policies disclosed in Note 1, *Summary of Significant Accounting Policies* of our 2022 Form 10-K.

Recent Accounting Pronouncements

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

2. Revenue

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

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Sales by Channel				
Stores	$ **1,572**	$ 1,716	$ **3,185**	$ 3,492
Direct-to-customers	**289**	349	**603**	748
Total 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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue (continued)

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

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Revenue by Geography				
United States	$ **1,177**	$ 1,386	$ **2,464**	$ 2,930
International	**687**	682	**1,331**	1,316
Total revenue	$ **1,864**	$ 2,068	$ **3,795**	$ 4,246

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

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Foot Locker	$ **704**	$ 752	$ **1,448**	$ 1,559
Champs Sports	**293**	406	**621**	860
Kids Foot Locker	**146**	155	**313**	335
WSS	**145**	138	**295**	276
Other (1)	**—**	37	**—**	90
North America	**1,288**	1,488	**2,677**	3,120
Foot Locker (2)	**416**	404	**795**	781
Sidestep	**12**	25	**26**	49
EMEA	**428**	429	**821**	830
Foot Locker	**102**	100	**200**	193
atmos	**43**	48	**90**	97
Asia Pacific	**145**	148	**290**	290
Total sales	$ **1,861**	$ 2,065	$ **3,788**	$ 4,240

(1) Other includes sales from banners that we no longer operate and primarily represented Eastbay in the prior-year period.
(2) Includes sales from 14 and 15 Kids Foot Locker stores operating in Europe for July 29, 2023 and July 30, 2022, respectively.

Contract Liabilities

We sell gift cards, which do not have expiration dates. Revenue from gift card sales is recorded when the gift cards are redeemed by customers. Breakage income is recognized as revenue in proportion to the pattern of rights exercised by the customer. The table below presents the activity of our gift card liability balance.

($ in millions)	July 29, 2023	July 30, 2022
Gift card liability at beginning of year	$ **36**	$ 46
Redemptions	**(138)**	(120)
Breakage recognized in sales	**(9)**	(8)
Activations	**133**	115
Foreign currency fluctuations	**—**	(1)
Gift card liability	$ **22**	$ 32

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Segment Information

Foot Locker, Inc. operates one reportable segment. Division profit reflects income before income taxes, impairment and other, corporate expense, other income / (expense), net, and net interest expense.

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Division profit	$ **21**	$ 187	$ **125**	$ 450
Less: Impairment and other [(1)]	**14**	12	**53**	18
Less: Corporate expense [(2)]	**6**	33	**10**	70
Income from operations	**1**	142	**62**	362
Interest expense, net	**(4)**	(5)	**(5)**	(10)
Other income / (expense), net [(3)]	**—**	6	**(3)**	(19)
Income / (loss) before income taxes	$ **(3)**	$ 143	$ **54**	$ 333

(1) See Note 4, *Impairment and Other Charges* for further detail.
(2) Corporate expense consists of unallocated selling, general and administrative expenses, as well as depreciation and amortization related to our corporate headquarters, centrally managed departments, unallocated insurance and benefit programs, certain foreign exchange transaction gains and losses, and other items.
(3) See Note 5, *Other Income / (Expense), net*.

4. Impairment and Other

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Transformation consulting	$ **7**	$ 9	$ **26**	$ 10
Impairment of long-lived assets and right-of-use assets	**3**	2	**21**	5
Reorganization costs	**3**	—	**5**	—
Acquisition and integration costs	**—**	1	**—**	3
Other	**1**	—	**1**	—
Total impairment and other	$ **14**	$ 12	$ **53**	$ 18

For the thirteen and twenty-six weeks ended July 29, 2023, we incurred $7 million and $26 million of transformation consulting expense, respectively. We recorded impairment charges of $3 million and $21 million, respectively, of primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores. Additionally, we recorded reorganization costs of $3 million and $5 million, respectively, related to the announced closure of the Sidestep banner, certain Foot Locker Asia stores, and a North American distribution center.

5. Other Income / (Expense), net

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Pension and postretirement net benefit expense, excluding service cost	$ **(2)**	$ —	$ **(4)**	$ —
Foot Locker Singapore and Malaysia divestiture	**2**	—	**2**	—
Share of earnings / (losses) related to minority investments	**—**	1	**(1)**	1
Team Sales divestiture	**—**	18	**—**	18
Minority investment in Retailors, Ltd.	**—**	(13)	**—**	(37)
Other	**—**	—	**—**	(1)
Total other income / (expense), net	$ **—**	$ 6	$ **(3)**	$ (19)

Effective July 1, 2023, the Company sold its Foot Locker Singapore and Malaysia businesses, consisting primarily of inventory and fixed assets. We received proceeds of $10 million (net of cash of $8 million), resulting in a gain of $2 million, subject to the finalization of net working capital.

6. Cash, Cash Equivalents, and Restricted Cash

The table below provides a reconciliation of cash and cash equivalents, as reported on our Condensed Consolidated Balance Sheets, to cash, cash equivalents, and restricted cash, as reported on our Condensed Consolidated Statements of Cash Flows.

($ in millions)	July 29, 2023	July 30, 2022
Cash and cash equivalents	$ **180**	$ 386
Restricted cash included in other current assets	**13**	7
Restricted cash included in other non-current assets	**32**	38
Cash, cash equivalents, and restricted cash	$ **225**	$ 431

Amounts included in restricted cash primarily relate to amounts held in escrow in connection with various leasing arrangements in Europe and deposits held in insurance trusts to satisfy the requirement to collateralize part of the self-insured workers' compensation and liability claims.

7. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss ("AOCL"), net of tax, is comprised of the following:

($ in millions)	July 29, 2023	July 30, 2022	January 28, 2023
Foreign currency translation adjustments	$ **(155)**	$ (182)	$ (148)
Hedge contracts	**(5)**	(2)	(3)
Unrecognized pension cost and postretirement benefit	**(237)**	(232)	(241)
	$ **(397)**	$ (416)	$ (392)

7. Accumulated Other Comprehensive Loss (continued)

The changes in AOCL for the twenty-six weeks ended July 29, 2023 were as follows:

($ in millions)	Foreign Currency Translation Adjustments	Hedge Contracts	Items Related to Pension and Postretirement Benefits	Total
Balance as of January 28, 2023	$ (148)	(3)	$ (241)	$ (392)
OCI before reclassification	(7)	4	—	(3)
Reclassification of hedges, net of tax	—	(6)	—	(6)
Amortization of pension actuarial loss, net of tax	—	—	4	4
Other comprehensive income / (loss)	(7)	(2)	4	(5)
Balance as of July 29, 2023	**$ (155)**	**$ (5)**	**$ (237)**	**$ (397)**

Reclassifications from AOCL for the twenty-six weeks ended July 29, 2023 were as follows:

($ in millions)	
Reclassification of hedge loss:	
Cross-currency swap	$ **(6)**
Income tax	**—**
Reclassification of hedges, net of tax	$ **(6)**
Amortization of actuarial loss:	
Pension benefits	$ **6**
Income tax benefit	**(2)**
Amortization of actuarial loss, net of tax	$ **4**
Total, net of tax	$ **(2)**

8. Fair Value Measurements

Our financial assets and liabilities are recorded at fair value, using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

($ in millions)	As of July 29, 2023			As of July 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Minority investment in common stock	$ **—**	$ **—**	$ **—**	$ 107	$ —	$ —
Available-for-sale security	**—**	**6**	**—**	—	6	—
Foreign exchange forward contracts	**—**	**—**	**—**	—	1	—
Cross-currency swap contract	**—**	**2**	**—**	—	1	—
Total assets	$ **—**	$ **8**	$ **—**	$ 107	$ 8	$ —
Liabilities						
Contingent consideration	$ **—**	$ **—**	$ **4**	$ —	$ —	$ 35
Foreign exchange forward contracts	**—**	**2**	**—**	—	—	—
Total liabilities	$ **—**	$ **2**	$ **4**	$ —	$ —	$ 35

There were no transfers into or out of Level 1, Level 2, or Level 3 assets and liabilities for any of the periods presented.

8. Fair Value Measurements (continued)

Long-Term Debt

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

($ in millions)	July 29, 2023	July 30, 2022
Carrying value (1)	$ **395**	$ 394
Fair value	$ **312**	$ 313

(1) The carrying value of debt as of July 29, 2023 and July 30, 2022 included $5 million and $6 million of issuer's discount and costs, respectively.

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

9. Earnings Per Share

We account for earnings per share ("EPS") using the treasury stock method. Basic EPS is computed by dividing net income for the period by the weighted-average number of common shares outstanding at the end of the period. Diluted earnings per share reflects the weighted-average number of common shares outstanding during the period used in the basic EPS computation plus dilutive common stock equivalents. The computation of diluted earnings per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect on EPS. The computation of basic and diluted EPS is as follows:

	Thirteen weeks ended		Twenty-six weeks ended	
(in millions, except per share data)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Net income / (loss) attributable to Foot Locker, Inc.	$ **(5)**	$ 94	$ **31**	$ 227
Weighted-average common shares outstanding	**94.2**	94.1	**94.0**	95.1
Dilutive effect of potential common shares	**—**	1.0	**1.0**	1.0
Weighted-average common shares outstanding assuming dilution	**94.2**	95.1	**95.0**	96.1
Earnings / (loss) per share - basic	$ **(0.05)**	$ 1.00	$ **0.33**	$ 2.39
Earnings / (loss) per share - diluted	$ **(0.05)**	$ 0.99	$ **0.33**	$ 2.36
Anti-dilutive share-based awards excluded from diluted calculation	**2.7**	2.8	**2.4**	2.7

Performance stock units related to our long-term incentive programs of 0.8 million been excluded from diluted weighted-average shares for each of the periods ended July 29, 2023 and July 30, 2022. The issuance of these shares is contingent on our performance metrics as compared to the pre-established performance goals, which have not been achieved.

10. Pension

The components of net periodic pension benefit expense are presented in the table below. Service cost is recognized as part of SG&A expense, while the other components are recognized as part of Other income / (expense), net.

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Service cost	$ **2**	$ 3	$ **3**	$ 7
Interest cost	**7**	5	**13**	10
Expected return on plan assets	**(8)**	(7)	**(15)**	(15)
Amortization of net loss	**3**	3	**6**	5
Net benefit expense	$ **4**	$ 4	$ **7**	$ 7

11. Share-Based Compensation

Total compensation expense, included in SG&A, and the associated tax benefits recognized related to our share-based compensation plans, was as follows:

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Options and employee stock purchase plan	$ **1**	$ 2	$ **2**	$ 3
Restricted stock units and performance stock units	**1**	7	**2**	13
Total share-based compensation expense	$ **2**	$ 9	$ **4**	$ 16
Tax benefit recognized	$ **1**	$ 1	$ **1**	$ 2

Valuation Model and Assumptions

We use the Black-Scholes option-pricing model to estimate the fair value of options and the stock purchase plan. The Black-Scholes option-pricing model incorporates various and subjective assumptions, including expected term and expected volatility.

The table below shows assumptions used to compute share-based compensation expense for awards granted during the twenty-six weeks ended July 29, 2023 and July 30, 2022.

	Stock Option Plans		Stock Purchase Plan	
	July 29, 2023	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Weighted-average risk free rate of interest	**3.6%**	2.3%	**3.1%**	0.4%
Expected volatility	**49%**	48%	**40%**	40%
Weighted-average expected award life (in years)	**5.4**	5.3	**1.0**	1.0
Dividend yield	**3.7%**	3.7%	**4.6%**	2.0%
Weighted-average fair value	$ **13.53**	$ 10.50	$ **5.42**	$ 23.47

The table below provides activity under our stock option plans for the twenty-six weeks ended July 29, 2023.

	Number of Shares	**Weighted-Average Remaining Contractual Life**	**Weighted-Average Exercise Price**
	(in thousands)	(in years)	(per share)
Options outstanding at the beginning of the year	3,256		$ 47.85
Granted	341		37.72
Exercised	(188)		24.02
Expired or cancelled	(214)		38.78
Options outstanding at July 29, 2023	3,195	3.5	$ 48.77
Options exercisable at July 29, 2023	2,710	2.5	$ 50.89
Shares available for future grant at July 29, 2023 under the 2007 Stock Incentive Plan (1)	11,202		
Shares available for future grant at July 29, 2023 under the employment inducement award plan (2)	409		

(1) On May 17, 2023, the Company's shareholders approved the amended and restated 2007 Stock Incentive Plan, which increased shares available for grant by 10,300,000. There were no other significant modifications to the plan.

(2) On August 24, 2022, the Company granted options and other awards to its new President and Chief Executive Officer, Mary N. Dillon. These awards were granted outside of the 2007 Stock Incentive Plan as employment inducement awards and do not require shareholder approval under the rules of the New York Stock Exchange or otherwise. Shares available for future grant under this plan are reserved for the sole purpose to issue shares pursuant to her employment inducement awards.

11. Share-Based Compensation (continued)

The total fair value of options vested for the twenty-six weeks ended July 29, 2023 and July 30, 2022 was $4 million for both periods. The cash received from option exercises during the thirteen and twenty-six weeks ended July 29, 2023 was $1 million and $5 million, respectively, and the related tax benefits realized from option exercises were not significant. The cash received from option exercises during the thirteen and twenty-six weeks ended July 30, 2022 were $1 million and $3 million, respectively, and the related tax benefits realized from option exercises were not significant.

The total intrinsic value of options exercised (the difference between the market price of our common stock on the exercise date and the price paid by the optionee to exercise the option) is presented below:

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Exercised	$ —	$ —	$ 3	$ —

The aggregate intrinsic value for stock options outstanding, and outstanding and exercisable (the difference between our closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options) is presented below:

($ in millions)	July 29, 2023	July 30, 2022
Outstanding	$ **2**	$ 5
Outstanding and exercisable	$ **2**	$ 3

As of July 29, 2023, there was $4 million of total unrecognized compensation cost related to nonvested stock options which is expected to be recognized over a remaining weighted-average period of 1.7 years.

The table below summarizes information about stock options outstanding and exercisable at July 29, 2023

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
	(in thousands, except prices per share and contractual life)				
$21.60 - $36.51	832	5.0	$ 25.48	665	$ 23.89
$38.94 - $48.98	732	5.0	42.53	428	44.97
$53.61 - $58.94	465	2.9	56.73	452	56.82
$62.02 - $72.83	1,166	1.9	66.16	1,165	66.16
	3,195	3.5	$ 48.77	2,710	$ 50.89

Restricted Stock Units and Performance Stock Units

Restricted stock units ("RSU") are awarded to certain officers, key employees of the Company, and nonemployee directors. Additionally, performance stock units ("PSU") are awarded to officers and certain key employees in connection with our long-term incentive program. Each RSU and PSU represents the right to receive one share of our common stock provided that the applicable performance and vesting conditions are satisfied. PSU awards granted in 2022 and 2023 also include a performance objective based on our relative total shareholder return over the performance period to a pre-determined peer group, assuming the reinvestment of dividends. The fair value of these awards is determined using a Monte Carlo simulation as of the date of the grant and share-based compensation expense will not be adjusted should the target awards vary from actual awards.

11. Share-Based Compensation (continued)

Generally, RSU awards fully vest after the passage of time, typically three years for employees and one year for nonemployee directors, provided there is continued service with the Company until the vesting date, subject to the terms of the award. PSU awards are earned only after the attainment of performance goals in connection with the relevant performance period and vest after an additional one-year period. No dividends are paid or accumulated on any RSU or PSU awards. Compensation expense is recognized over the vesting period.

RSU and PSU activity for the twenty-six weeks ended July 29, 2023 is summarized as follows:

	Number of Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Grant Date Fair Value
	(in thousands)	(in years)	(per share)
Nonvested at beginning of year	1,992		$ 37.58
Granted	1,020		38.24
Vested	(665)		33.87
Performance adjustment [1]	(757)		
Forfeited	(155)		40.10
Nonvested at July 29, 2023	1,435	1.7	$ 40.91
Aggregate value ($ in millions)	$ 59		

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

The total value of RSU and PSU awards that vested during the twenty-six weeks ended July 29, 2023 and July 30, 2022 was $23 million and $6 million, respectively. As of July 29, 2023, there was $31 million of total unrecognized compensation cost related to nonvested awards.

12. Legal Proceedings

Legal proceedings pending against the Company or its consolidated subsidiaries consist of ordinary, routine litigation, including administrative proceedings, incidental to the business of the Company or businesses that have been sold or discontinued by the Company in past years. These legal proceedings include commercial, intellectual property, customer, environmental, and employment-related claims. Additionally, the Company is a defendant in two purported class actions alleging wage/hour and wage statement violations in California.

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

Foot Locker, Inc. is a leading footwear and apparel retailer that unlocks the "inner sneakerhead" in all of us. We have a strong history of sneaker authority that sparks discovery and ignites the power of sneaker culture through our portfolio of brands, including Foot Locker, Kids Foot Locker, Champs Sports, WSS, and atmos.

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

Store Count

At July 29, 2023, we operated 2,599 stores as compared with 2,714 and 2,799 stores at January 28, 2023 and July 30, 2022, respectively.

Franchise Operations

A total of 184 franchised stores were operating at July 29, 2023, as compared with 159 and 148 stores at January 28, 2023 and July 30, 2022, respectively, operating in the Middle East and Asia. These stores are not included in the operating store count above.

Results of Operations

We evaluate performance based on several factors, primarily the banner's financial results, referred to as division profit. Division profit reflects income before income taxes, impairment and other charges, corporate expenses, non-operating income, and net interest expense.

The table below summarizes our results for the period.

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 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
Operating Results				
Division profit	$ **21**	$ 187	$ **125**	$ 450
Less: Impairment and other (1)	**14**	12	**53**	18
Less: Corporate expense (2)	**6**	33	**10**	70
Income from operations	**1**	142	**62**	362
Interest expense, net	**(4)**	(5)	**(5)**	(10)
Other income / (expense), net (3)	**—**	6	**(3)**	(19)
Income / (loss) before income taxes	$ **(3)**	$ 143	$ **54**	$ 333

(1) See the *Impairment and Other Charges* section for further information.
(2) Corporate expense consists of unallocated selling, general and administrative expenses as well as depreciation and amortization related to the Company's corporate headquarters, centrally managed departments, unallocated insurance and benefit programs, certain foreign exchange transaction gains and losses, and other items.
(3) Other income / (expense), net includes non-operating items, changes in fair value of minority interests measured at fair value or using the fair value measurement alternative, changes in the market value of our available-for-sale security, our share of earnings or losses related to our equity method investments, and net benefit expense related to our pension and postretirement programs excluding the service cost component. See the *Other income / (expense), net* section for further information.

Reconciliation of Non-GAAP Measures

In addition to reporting our financial results in accordance with U.S. generally accepted accounting principles ("GAAP"), we report certain financial results that differ from what is reported under GAAP. We have presented certain financial measures 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. 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. Presented below is a reconciliation of GAAP and non-GAAP.

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions, except per share amounts)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Pre-tax income:				
Income before income taxes	$ **(3)**	$ 143	$ **54**	$ 333
Pre-tax amounts excluded from GAAP:				
Impairment and other	**14**	12	**53**	18
Other income / expense, net	**(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	**11**	9	**44**	13
Other income / expense, net of income tax benefit/(expense) of $-, $(3), $-, and $3 million, respectively	**(2)**	(3)	**(1)**	15
Tax reserves benefit / charge	**—**	5	**(4)**	5
Adjusted net income (non-GAAP)	$ **4**	$ 105	$ **70**	$ 260
Earnings per share:				
Diluted earnings per share	$ **(0.05)**	$ 0.99	$ **0.33**	$ 2.36
Diluted EPS amounts excluded from GAAP:				
Impairment and other	**0.12**	0.09	**0.47**	0.14
Other income / expense, net	**(0.03)**	(0.03)	**(0.02)**	0.16
Tax reserves benefit / charge	**—**	0.05	**(0.04)**	0.05
Adjusted diluted earnings per share (non-GAAP)	$ **0.04**	$ 1.10	$ **0.74**	$ 2.71

During the thirteen and twenty-six weeks ended July 29, 2023, we recorded pre-tax charges of $14 million and $53 million, respectively, classified as impairment and other. See the *Impairment and Other* section for further information.

The adjustments made to other income / (expense), net primarily reflected gains or losses associated with our minority investments and gains on sales of businesses. See the *Other Income / (Expense), net* section for further information.

During the twenty-six weeks ended July 29, 2023, we recorded a $4 million benefit related to an income tax reserves release from a statute of limitations expiration.

Segment Reporting and Results of Operations

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

As reported in our Annual Report on Form 10-K, we planned to close our Sidestep banner and certain stores operating in Asia. During the second quarter of 2023 we substantially closed the Sidestep banner and the stores operating in Hong Kong and Macau. Additionally during the second quarter, we sold our Singapore and Malaysian business to our license partner. Our license partner will operate those stores under a licensing agreement.

Sales

All references to comparable-store sales for a given period relate to sales of stores that were open at the period-end and had been open for more than one year. The computation of consolidated comparable sales also includes our direct-to-customers channel. Stores opened or closed during the period are not included in the comparable-store base; however, stores closed temporarily for relocation or remodeling are included. Computations exclude the effect of foreign currency fluctuations.

Sales from acquired businesses that include inventory are included in the computation of comparable-store sales after the 15th month of operations. Accordingly, both WSS and atmos are included in the computation.

For the thirteen weeks ended July 29, 2023, total sales decreased by $204 million, or 9.9%, to $1,861 million, as compared with the corresponding prior-year period. For the twenty-six weeks ended July 29, 2023, total sales decreased by $452 million, or 10.7%, to $3,788 million, as compared with the corresponding prior-year period. Excluding the effect of foreign currency fluctuations, total sales decreased by $209 million, or 10.2%, for the thirteen weeks ended July 29, 2023, and decreased by $426 million, or 10.0%, for the twenty-six weeks ended July 29, 2023. The information shown below represents certain sales metrics by sales channel.

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Store sales	**$ 1,572**	$ 1,716	**$ 3,185**	$ 3,492
$ Change	**(144)**		**(307)**	
% Change	**(8.4)**		**(8.8)**	
% of total sales	**84.5**	83.1	**84.1**	82.4
% Comparable sales (decrease) / increase	**(8.6)**	(6.0)	**(8.0)**	0.5
Direct-to-customers sales	**289**	349	**603**	748
$ Change	**(60)**		**(145)**	
% Change	**(17.2)**		**(19.4)**	
% of total sales	**15.5**	16.9	**15.9**	17.6
% Comparable sales decrease	**(13.1)**	(26.7)	**(14.8)**	(28.3)
Total sales	**$ 1,861**	$ 2,065	**$ 3,788**	$ 4,240
$ Change	**(204)**		**(452)**	
% Change	**(9.9)**		**(10.7)**	
% Comparable sales decrease	**(9.4)**	(10.3)	**(9.2)**	(6.2)

The information shown below represents certain combined stores and direct-to-customers sales metrics for the thirteen and twenty-six weeks ended July 29, 2023 as compared with the corresponding prior-year period.

	Thirteen weeks ended		Twenty-six weeks ended	
	Constant Currencies	Comparable Sales	Constant Currencies	Comparable Sales
Foot Locker	(5.9)%	(4.6)%	(6.5)%	(5.0)%
Champs Sports	(27.6)%	(25.3)%	(27.4)%	(24.9)%
Kids Foot Locker	(5.8)%	(4.7)%	(6.6)%	(6.3)%
WSS	5.1%	(7.9)%	6.9%	(5.6)%
Other [(1)]	(100.0)%	n.m.	(100.0)%	n.m.
North America	(13.1)%	(12.4)%	(13.8)%	(12.6)%
Foot Locker [(2)]	0.2%	(1.1)%	1.9%	0.5%
Sidestep	(56.0)%	(34.7)%	(49.0)%	(36.6)%
EMEA	(3.0)%	(2.3)%	(1.1)%	(1.2)%
Foot Locker	4.0%	5.7%	8.3%	8.5%
atmos	(12.5)%	(10.0)%	(3.1)%	(1.8)%
Asia Pacific	(1.4)%	0.4%	4.5%	5.3%
Total sales	**(10.2)%**	**(9.4)%**	**(10.0)%**	**(9.2)%**

(1) Other includes sales from banners that we no longer operate and primarily represented Eastbay in the prior-year period.
(2) Includes sales from 14 and 15 Kids Foot Locker stores operating in Europe for July 29, 2023 and July 30, 2022, respectively.

From a product perspective for the combined channels, the sales declines in the quarter and year-to-date were across all categories of footwear, apparel and accessories.

Comparable sales decreased both in our stores and in our direct-to-customer channels this quarter and for the year to date due to ongoing macroeconomic headwinds, which affected customer traffic and conversion, as well as changing vendor mix coupled with our repositioning of the Champs Sports banner. We are repositioning the Champs Sports banner to serve the active athlete, which resulted in expected comparable sales declines due to the transition. In addition, North America sales were negatively affected by the closure of Eastbay business, which ceased operating in late 2022. Eastbay's sales primarily represent the other category in the above table, and excluding those sales the decline would have been 10.7% and 10.9%, on a constant currency basis, for the quarter and year-to-date period of 2023, respectively. Within EMEA, constant currency sales for the Foot Locker banners increased, led by our operations in France and Italy as tourism has increased as compared with last year, partially offsetting this was the decline in sales in our Sidestep banner due to the planned closure. For our Asia Pacific operating segment, for both the quarter and the year-to-date period, sales increased in our operations in Australia and South Korea, while our sales in New Zealand were relatively flat. As previously announced, we have closed our operations in Hong Kong and Macau, which negatively affected sales. During the second quarter, we sold our businesses operating in Singapore and Malaysia to our licensing partner. Our sales of our atmos banner decreased by 10.0% and 1.8% on a comparable basis, for the quarter and year-to-date period, respectively, as this banner was affected negatively by the lack of certain key styles from adidas that were available in the marketplace last year.

Gross Margin

	Thirteen weeks ended		Twenty-six weeks ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Gross margin rate	**27.1%**	31.7%	**28.6%**	32.9%
Basis point decrease in the gross margin rate	**(460)**		**(430)**	
Components of the change:				
Merchandise margin rate decline	**(300)**		**(280)**	
Higher occupancy and buyers’ compensation expense rate	**(160)**		**(150)**	

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

The gross margin rate decreased to 27.1% for the thirteen weeks ended July 29, 2023, as compared with the corresponding prior-year period, reflecting a 300-basis point decrease in the merchandise margin rate, and a 160-basis point deleverage in the occupancy and buyers' compensation rate. For the twenty-six weeks ended July 29, 2023, gross margin rate decreased by 430 basis points, reflecting a 280-basis point decrease in the merchandise margin rate and a 150-basis point deleverage in the occupancy and buyers' compensation rate. The declines in merchandise margin rate reflected higher promotional activity in the current marketplace, higher costs of merchandise, and increased shrink. The deleverage in the occupancy and buyers' compensation rate was primarily related to the fixed nature of these costs in relation to the decline in sales.

Selling, General and Administrative Expenses (SG&A)

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
SG&A	**$ 442**	$ 452	**$ 873**	$ 915
$ Change	**$ (10)**		**$ (42)**	
% Change	**(2.2)%**		**(4.6)%**	
SG&A as a percentage of sales	**23.8%**	21.9%	**23.0%**	21.6%

SG&A decreased by $10 million, or $14 million excluding the effect of foreign currency fluctuations, for the thirteen weeks ended July 29, 2023, as compared with the corresponding prior-year period. For the year-to-date period, SG&A decreased by $42 million, or $39 million excluding the effect of foreign currency fluctuations. As a percentage of sales, SG&A increased by 190 basis points and 140 basis points for the thirteen and twenty-six weeks ended July 29, 2023, respectively, primarily reflecting deleverage from the decline in sales, coupled with pressures from inflation and investments in front-line wages and technology aimed at improving the omnichannel experience and improving customer data analytics. Partially offsetting these increases was lower incentive compensation due to the Company's underperformance relative to targets and savings from our cost optimization program.

Depreciation and Amortization

	Thirteen weeks ended		Twenty-six weeks ended	
($ in millions)	**July 29, 2023**	**July 30, 2022**	**July 29, 2023**	**July 30, 2022**
Depreciation and amortization	**$ 50**	$ 51	**$ 101**	$ 105
$ Change	**$ (1)**		**$ (4)**	
% Change	**(2.0)%**		**(3.8)%**	

Depreciation and amortization expense decreased by $1 million and $4 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively, as compared with the corresponding prior-year periods. Excluding the effect of foreign currency fluctuations, depreciation and amortization decreased by $2 million and $4 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively. These declines are primarily related to operating fewer stores and the effect from impairments recorded in the prior year.

Impairment and Other

For the thirteen and twenty-six weeks ended July 29, 2023, we incurred $7 million and $26 million of transformation consulting expense, respectively, as compared with $9 million and $10 million in the corresponding prior-year periods. We recorded impairment charges of $3 million and $21 million, respectively, primarily accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and Foot Locker Asia stores, as compared with impairment of $2 million and $5 million in the prior year periods, mainly from the closure of Footaction stores. Additionally, we recorded reorganization costs of $3 million and $5 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively, related to the announced closure of the Sidestep banner, Foot Locker Asia stores, and a North American distribution center, as well as $1 million in other charges. In the comparative periods ended July 30, 2022, we incurred $1 million and $3 million of acquisition integration costs related to WSS and atmos.

Corporate Expense

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Corporate expense	$ **6**	$ 33	$ **10**	$ 70
$ Change	$ **(27)**		$ **(60)**	

Corporate expense consists of unallocated general and administrative expenses as well as depreciation and amortization related to our corporate headquarters, centrally managed departments, unallocated insurance and benefit programs, certain foreign exchange transaction gains and losses, and other items.

Corporate expense decreased by $27 million and $60 million for the thirteen and twenty-six weeks ended July 29, 2023, as compared with the corresponding prior-year periods. Depreciation and amortization included in corporate expense was $9 million and $10 million for the thirteen weeks ended July 29, 2023 and July 30, 2022, respectively and $18 million and $19 million for the year-to-date periods, respectively. Corporate expense decreased primarily due to an increase in the allocation of corporate expense to the banners in 2023 and lower incentive compensation, including share-based compensation that is tied to performance, partially offset by our ongoing investments in information technology.

Operating Results

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Division profit	$ **21**	$ 187	$ **125**	$ 450
Division profit margin	**1.1%**	9.1%	**3.3%**	10.6%

Division profit margin, as a percentage of sales, decreased to 1.1% and 3.3% for the thirteen and twenty-six weeks ended July 29, 2023, respectively, with both channels experiencing declines in sales coupled with lower gross margins due to the promotional environment and deleveraging expenses.

Interest Expense, Net

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Interest expense	$ **(6)**	$ (6)	$ **(11)**	$ (12)
Interest income	**2**	1	**6**	2
Interest (expense) / income, net	$ **(4)**	$ (5)	$ **(5)**	$ (10)

Interest expense for both the quarter and year-to-date period decreased primarily due to an increase in interest income earned on our cash and cash equivalents related to higher interest rates and income from our cross-currency swap.

Other Income / (Expense), Net

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Other income / (expense), net	$ **—**	$ 6	$ **(3)**	$ (19)

This caption includes non-operating items, including changes in fair value of minority investments measured at fair value or using the fair value measurement alternative, changes in the market value of our available-for-sale security, our share of earnings or losses related to our equity method investments, and net benefit / (expense) related to our pension and postretirement programs excluding the service cost component.

The thirteen and twenty-six weeks ended July 29, 2023 reflected expense of $2 million and $4 million, respectively, related to our pension and postretirement programs, offset by a $2 million gain on the sale of our Foot Locker Singapore and Malaysia businesses to our license partner in the second quarter. The corresponding prior-year periods primarily represented a decrease in the fair value of our former investment in Retailors, Ltd., offset by an $18 million gain on the divestiture of the Eastbay Team Sales business.

Income Taxes

($ in millions)	Thirteen weeks ended July 29, 2023	Thirteen weeks ended July 30, 2022	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Provision for income taxes	$ **2**	$ 49	$ **23**	$ 107
Effective tax rate	**(98.5)%**	34.5%	**42.7%**	32.1%

Our current year interim provision for income taxes was measured using an estimated annual effective tax rate, which represented a blend of federal, state, and foreign taxes and included the effect of certain nondeductible items as well as changes in our mix of domestic and foreign earnings or losses, adjusted for discrete items that occurred within the periods presented.

We regularly assess the adequacy of our provisions for income tax contingencies in accordance with applicable authoritative guidance on accounting for income taxes. As a result, we may adjust the reserves for unrecognized tax benefits considering new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of limitation.

During the twenty-six weeks ended July 29, 2023, we recorded a $4 million reserve release from a statute of limitations expiration on our foreign income taxes. Excluding this item, and other insignificant reserve releases due to settlements of international tax examinations, the effective tax rate for the current year period increased, as compared with the corresponding prior-year period, primarily due to the decline in income before tax and a change in geographic mix of earnings.

Liquidity and Capital Resources

Liquidity

Our primary source of liquidity has been cash flow from operations, while the principal uses of cash have been to fund inventory and other working capital requirements; finance capital expenditures related to store openings, store remodelings, internet and mobile sites, information systems, and other support facilities; make retirement plan contributions, quarterly dividend payments, and interest payments; and fund other cash requirements to support the development of our short-term and long-term operating strategies, including strategic investments.

We generally finance real estate with operating leases. We believe our cash, cash equivalents, future cash flow from operations, and amounts available under our credit agreement will be adequate to fund these requirements.

The Company may also repurchase its common stock or seek to retire or purchase outstanding debt through open market purchases, privately negotiated transactions, or otherwise. Share repurchases and retirement of debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions, strategic considerations, and other factors. The amounts involved may be material. As of July 29, 2023, approximately $1,103 million remained available under our current $1.2 billion share repurchase program.

Our full-year capital spending is expected to be $265 million. The forecast includes $200 million related to the remodeling or relocation of approximately 200 existing stores and the opening of approximately 80 new stores, including 25 WSS stores. Additionally, we expect to spend $65 million for the development of information systems, websites, and infrastructure, including supply chain initiatives. We also expect to spend an additional $25 million in software-as-a-service contracts related to our technology initiatives.

On August 15, 2023, the Board of Directors declared a quarterly cash dividend on our common stock of $0.40 per share, which will be payable on October 27, 2023 to shareholders on record as of October 13, 2023. The Board of Directors regularly reviews the dividend policy and rate. Given the current environment and in order to provide us with flexibility, the Board of Directors has decided to pause the dividend program at this time.

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

Operating Activities

($ in millions)	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Net cash used in operating activities	**$ (184)**	$ (102)
$ Change	**$ (82)**	

Operating activities reflects net income adjusted for non-cash items and working capital changes. Adjustments to net income for non-cash items include impairment charges, other charges, fair value adjustments to minority investments, depreciation and amortization, deferred income taxes, and share-based compensation expense.

The decrease in cash from operating activities reflected lower net income, partially offset by timing of merchandise purchases and payments of accounts payable and accrued and other liabilities, as compared with the same period last year. The prior-year merchandise purchases were affected by the supply chain disruptions that occurred in the preceding year.

Investing Activities

($ in millions)	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Net cash used in investing activities	**$ (96)**	$ (113)
$ Change	**$ 17**	

The change in investing activities primarily reflected lower capital expenditures in the current year. For the twenty-six weeks ended July 29, 2023, capital expenditures decreased by $51 million to $105 million, as compared with the corresponding prior-year period. The prior year amount was elevated as several large projects related to 2021 were paid in the first quarter of 2022. This was partially offset by a decrease in proceeds from the sales of businesses. During the second quarter of 2023, we sold our businesses operating in Singapore and Malaysia for total cash consideration of $23 million and received proceeds of $18 million, or $10 million net of cash. The amounts are subject to the finalization of net working capital. The prior year amount represented the divestiture of Team Sales for total proceeds of $47 million.

Financing Activities

($ in millions)	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Net cash used in financing activities	**$ (80)**	$ (199)
$ Change	**$ 119**	

Cash used in financing activities was primarily related to our return to shareholders initiatives as follows:

($ in millions)	Twenty-six weeks ended July 29, 2023	Twenty-six weeks ended July 30, 2022
Dividends paid on common stock	**$ 75**	$ 76
Share repurchases	**—**	129
Total returned to shareholders	**$ 75**	$ 205

During the twenty-six weeks ended July 29, 2023, we did not repurchase any shares under our share repurchase program, whereas in the prior year we spent $129 million to repurchase shares. We declared and paid $75 million in dividends representing a quarterly rate of $0.40 per share in both the twenty-six weeks of 2023 and 2022. We paid $10 million and $1 million during the twenty-six weeks ended July 29, 2023 and July 30, 2022, respectively, to satisfy tax withholding obligations related to vesting of share-based equity awards.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” within the 2022 Form 10-K.

Recent Accounting Pronouncements

Descriptions of the recently issued and adopted accounting principles are included in Item 1. “Financial Statements” in Note 1, *Summary of Significant Accounting Policies*, to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our primary risk exposures or management of market risks from the information provided in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk within the 2022 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

During the quarter, the Company’s management performed an evaluation, under the supervision and with the participation of the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). The term "disclosure controls and procedures" means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our CEO and CFO concluded that as of April 29, 2023, our disclosure controls and procedures were not effective due to the un-remediated material weaknesses in internal control over financial reporting related to certain ineffective general information technology controls over logical access and change management at our WSS business, which was previously disclosed in the Company's Annual Report on Form 10-K for the year ended January 28, 2023. For additional information, please refer to Part II - Item 9A. of the Company's Annual Report on Form 10-K for the year ended January 28, 2023.

Remediation

Management is in the process of implementing measures designed to ensure that the control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include: (i) designing and implementing controls related to deprovisioning, privileged access, and user access reviews, (ii) developing an enhanced risk assessment process to evaluate logical access, and (iii) improving the existing training program associated with control design and implementation. We believe that these actions will remediate the material weaknesses. Management began to implement certain of these remedial steps during the first and second quarters of 2023. The material weaknesses will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of these material weaknesses will be completed prior to the end of 2023.

Changes in Internal Control Over Financial Reporting

Other than the ongoing remediation efforts described above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), during the quarter ended July 29, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Because of its inherent limitations, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding the Company's legal proceedings is contained in the *Legal Proceedings* note under Item 1. "Financial Statements" in Part I.

Item 1A. Risk Factors

In addition to the other information discussed in this report, the factors described in Part I, Item 1A. "Risk Factors" in our 2022 Annual Report on Form 10-K filed with the SEC on March 27, 2023 should be considered as they could materially affect our business, financial condition, or future results.

There have not been any significant changes with respect to the risks described in our 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information with respect to shares of the Company's common stock for the thirteen weeks ended July 29, 2023.

Date Purchased	Total Number of Shares Purchased [1]	Average Price Paid Per Share [1]	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares that may yet be Purchased Under the Program
April 30 to May 27, 2023	—	$ —	—	$ 1,103,814,042
May 28 to July 1, 2023	193	24.79	—	1,103,814,042
July 2 to July 29, 2023	5,426	25.74	—	1,103,814,042
	5,619	$ 25.71	—	

(1) These columns include shares acquired in satisfaction of the tax withholding obligations of holders of restricted stock unit, which vested during the quarter.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter ended July 29, 2023, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

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Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL datafile and contained in Exhibit 101).

* Filed herewith
** Furnished herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: September 6, 2023

FOOT LOCKER, INC.

/s/ Michael Baughn
MICHAEL BAUGHN
Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Mary N. Dillon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the Audit Committee of the Registrant’s Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

September 6, 2023

/s/ Mary N. Dillon
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael Baughn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

September 6, 2023

/s/ Michael Baughn
Executive Vice President and Chief Financial Officer

Exhibit 32

FOOT LOCKER, INC.

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

In connection with the Quarterly Report on Form 10-Q of Foot Locker, Inc. (the “Registrant”) for the quarterly period ended July 29, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Mary N. Dillon, as Chief Executive Officer of the Registrant and Michael Baughn, as Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: September 6, 2023

/s/ Mary N. Dillon
Mary N. Dillon
President and Chief Executive Officer

/s/ Michael Baughn
Michael Baughn
Executive Vice President and Chief Financial Officer

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