

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: May 4, 2024

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

(State or other jurisdiction of incorporation or organization)

330 West 34th Street , New York , New York

(Address of principal executive offices)

13-3513936

(I.R.S. Employer Identification No.)

10001

(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 May 31, 2024: 94,718,024

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; inventory management; our ability to fund our planned capital investments; execution of the Company’s long-term strategic plan; a recession, volatility in the financial markets, and other global economic factors, including inflation; capital and resource allocation 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; access to credit markets at competitive terms; borrowing capacity under our credit facility; cash repatriation; supply chain issues; labor shortages and wage pressures; consumer spending levels; licensed store arrangements; the effect of certain governmental assistance programs; the success of our marketing and sponsorship arrangements; expectations regarding increasing global taxes; the effect of increased government regulation, compliance, and changes in law; the effect of the adverse outcome of any material litigation or government investigation that affects us or our industry generally; the effects of weather; ESG risks; increased competition; geopolitical events; the financial effects of accounting regulations and critical accounting policies; counterparty risks; 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)	May 4, 2024	April 29, 2023	February 3, 2024*
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 282	\$ 313	\$ 297
Merchandise inventories	1,659	1,758	1,509
Other current assets	414	326	419
	2,355	2,397	2,225
Property and equipment, net	910	901	930
Operating lease right-of-use assets	2,175	2,331	2,188
Deferred taxes	114	94	114
Goodwill	760	781	768
Other intangible assets, net	392	421	399
Minority investments	150	629	152
Other assets	91	89	92
	\$ 6,947	\$ 7,643	\$ 6,868
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 515	\$ 474	\$ 366
Accrued and other liabilities	389	447	428
Current portion of debt and obligations under finance leases	5	6	5
Current portion of lease obligations	496	533	492
	1,405	1,460	1,291
Long-term debt and obligations under finance leases	441	445	442
Long-term lease obligations	1,984	2,132	2,004
Other liabilities	231	323	241
Total liabilities	4,061	4,360	3,978
Commitments and contingencies			
Shareholders' equity:			
Common stock and paid-in capital: 94,939,866; 94,175,714; and 94,283,984 shares issued, respectively	787	766	776
Retained earnings	2,490	2,923	2,482
Accumulated other comprehensive loss	(385)	(396)	(366)
Less: Treasury stock at cost: 231,467; 260,870; and 60,308 shares, respectively	(6)	(10)	(2)
Total shareholders' equity	2,886	3,283	2,890
	\$ 6,947	\$ 7,643	\$ 6,868

* The balance sheet at February 3, 2024 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 February 3, 2024.

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(\$ in millions, except per share amounts)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Sales	\$ 1,874	\$ 1,927
Licensing revenue	5	4
Total revenue	1,879	1,931
Cost of sales	1,335	1,349
Selling, general and administrative expenses	461	431
Depreciation and amortization	51	51
Impairment and other	14	39
Income from operations	18	61
Interest expense, net	(1)	(1)
Other (expense) income, net	(4)	(3)
Income before income taxes	13	57
Income tax expense	5	21
Net income	8	36
Basic earnings per share	\$ 0.09	\$ 0.39
Weighted-average shares outstanding	94.7	93.7
Diluted earnings per share	\$ 0.09	\$ 0.38
Weighted-average shares outstanding, assuming dilution	95.3	95.1

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)

(\$ in millions)	Thirteen weeks ended			
	May 4, 2024		April 29, 2023	
Net income	\$	8	\$	36
Other comprehensive (loss) income, net of income tax				
<i>Foreign currency translation adjustment:</i>				
Translation adjustment arising during the period, net of income tax benefit of \$ and \$-, respectively		(19)		(7)
<i>Hedges contracts:</i>				
Change in fair value of derivatives, net of income tax benefit of \$(1) and \$-, respectively		(1)		1
<i>Pension and postretirement adjustments:</i>				
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		1		2
Comprehensive (loss) income	\$	(11)	\$	32

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	Additional Paid-In Capital & Common Stock		Treasury Stock		Retained	Accumulated Other Comprehensive	Total
(shares in thousands, \$ in millions)	Shares	Amount	Shares	Amount	Earnings	Loss	Shareholders' Equity
Balance at February 3, 2024	94,284	\$ 776	(60)	\$ (2)	\$ 2,482	\$ (366)	2,890
Restricted stock issued	417	—					—
Issued under director and stock plans	239	5					5
Share-based compensation expense		6					6
Shares of common stock used to satisfy tax withholding obligations			(171)	(4)			(4)
Net income					8		8
Translation adjustment, net of tax						(19)	(19)
Change in cash flow hedges, net of tax						(1)	(1)
Pension and postretirement adjustments, net of tax						1	1
Balance at May 4, 2024	94,940	\$ 787	(231)	\$ (6)	\$ 2,490	\$ (385)	2,886
Balance at January 28, 2023	93,397	\$ 760	(1)	\$ —	\$ 2,925	\$ (392)	3,293
Restricted stock issued	628	—					—
Issued under director and stock plans	151	4					4
Share-based compensation expense		2					2
Shares of common stock used to satisfy tax withholding obligations			(260)	(10)			(10)
Net income					36		36
Cash dividends on common stock (\$0.40 per share)					(38)		(38)
Translation adjustment, net of tax						(7)	(7)
Change in hedges, net of tax						1	1
Pension and postretirement adjustments, net of tax						2	2
Balance at April 29, 2023	94,176	\$ 766	(261)	\$ (10)	\$ 2,923	\$ (396)	3,283

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
(\$ in millions)		
From operating activities:		
Net income	\$ 8	\$ 36
Adjustments to reconcile net income to net cash from operating activities:		
Non-cash impairment and other	7	18
Depreciation and amortization	51	51
Deferred income taxes	(5)	(4)
Share-based compensation expense	6	2
Change in assets and liabilities:		
Merchandise inventories	(158)	(117)
Accounts payable	151	(16)
Accrued and other liabilities	(3)	(87)
Other, net	1	(1)
Net cash provided by (used in) operating activities	58	(118)
From investing activities:		
Capital expenditures	(76)	(59)
Net cash used in investing activities	(76)	(59)
From financing activities:		
Dividends paid on common stock	—	(38)
Shares of common stock repurchased to satisfy tax withholding obligations	(4)	(10)
Payment of obligations under finance leases	(2)	(2)
Proceeds from exercise of stock options	5	4
Net cash used in financing activities	(1)	(46)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	2	—
Net change in cash, cash equivalents, and restricted cash	(17)	(223)
Cash, cash equivalents, and restricted cash at beginning of year	334	582
Cash, cash equivalents, and restricted cash at end of period	\$ 317	\$ 359
Supplemental information:		
Interest paid	\$ 8	\$ 8
Income taxes paid	11	23
Cash paid for amounts included in measurement of operating lease liabilities	172	170
Cash paid for amounts included in measurement of finance lease liabilities	2	2
Right-of-use assets obtained in exchange for operating lease obligations	142	34
Assets obtained in exchange for finance lease obligations	1	—

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

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 May 4, 2024 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.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in our 2023 Form 10-K.

There were no significant changes to the policies disclosed in Note 1, *Summary of Significant Accounting Policies* of our 2023 Form 10-K.

Recent Accounting Pronouncements

Other than the pronouncements disclosed in our 2023 Form 10-K, 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 licensed arrangements. Sales are attributable to the channel in which the sales transaction is initiated.

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Sales by Channel		
Stores	\$ 1,554	\$ 1,613
Direct-to-customers	320	314
Total sales	1,874	1,927
Licensing revenue	5	4
Total revenue	\$ 1,879	\$ 1,931

FOOT LOCKER, INC.

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	
	May 4, 2024	April 29, 2023
Revenue by Geography		
United States	\$ 1,272	\$ 1,287
International	607	644
Total revenue	\$ 1,879	\$ 1,931

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

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Foot Locker	\$ 759	\$ 744
Champs Sports	267	328
Kids Foot Locker	183	167
WSS	160	150
North America	1,369	1,389
Foot Locker (1)	394	379
Sidestep	—	14
EMEA	394	393
Foot Locker	72	98
atmos	39	47
Asia Pacific	111	145
Total sales	\$ 1,874	\$ 1,927

(1) Includes sales from 10 and 15 Kids Foot Locker stores operating in Europe for May 4, 2024 and April 29, 2023, 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)	May 4, 2024	April 29, 2023
Gift card liability at beginning of year	\$ 29	\$ 36
Redemptions	(39)	(61)
Breakage recognized in sales	(2)	(4)
Activations	35	56
Gift card liability	\$ 23	\$ 27

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

FOOT LOCKER, INC.

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 (expense) income, net, and net interest expense.

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Division profit	\$ 43	\$ 104
Less: Impairment and other (1)	14	39
Less: Corporate expense (2)	11	4
Income from operations	18	61
Interest expense, net	(1)	(1)
Other (expense) income, net (3)	(4)	(3)
Income before income taxes	\$ 13	\$ 57

(1) See Note 4, *Impairment and Other* 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 (Expense) Income, net*.

4. Impairment and Other

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Impairment of long-lived assets and right-of-use assets	\$ 7	\$ 18
Legal claims	7	—
Transformation consulting	—	19
Reorganization costs	—	2
Total impairment and other	\$ 14	\$ 39

For the thirteen weeks ended May 4, 2024, we incurred \$ 7 million of loss accrual for legal claims and \$ 7 million of impairment of long-lived assets and right-of-use assets related to our decision to no longer operate, and to sublease, one of our larger unprofitable stores in Europe.

5. Other (Expense) Income, net

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Pension and postretirement net benefit expense, excluding service cost	\$ (2)	\$ (2)
Share of losses related to minority investments	(2)	(1)
Total other (expense) income, net	\$ (4)	\$ (3)

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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)	May 4, 2024	April 29, 2023
Cash and cash equivalents	\$ 282	\$ 313
Restricted cash included in other current assets	4	13
Restricted cash included in other non-current assets	31	33
Cash, cash equivalents, and restricted cash	\$ 317	\$ 359

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)	May 4, 2024	April 29, 2023	February 3, 2024
Foreign currency translation adjustments	\$ (192)	\$ (155)	\$ (173)
Hedge contracts	(3)	(2)	(2)
Unrecognized pension cost and postretirement benefit	(190)	(239)	(191)
	\$ (385)	\$ (396)	\$ (366)

The changes in AOCL for the thirteen weeks ended May 4, 2024 were as follows:

(\$ in millions)	Foreign Currency Translation Adjustments	Hedge Contracts	Items Related to Pension and Postretirement Benefits	Total
Balance as of February 3, 2024	\$ (173)	(2)	(191)	\$ (366)
OCI before reclassification	(19)	2	—	(17)
Reclassification of hedges, net of tax	—	(3)	—	(3)
Amortization of pension actuarial loss, net of tax	—	—	1	1
Other comprehensive (loss) / income	(19)	(1)	1	(19)
Balance as of May 4, 2024	\$ (192)	\$ (3)	\$ (190)	\$ (385)

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Accumulated Other Comprehensive Loss (continued)

Reclassifications from AOCL for the thirteen weeks ended May 4, 2024 were as follows:

(\$ in millions)

Reclassification of hedge loss:		
Cross-currency swap	\$	(4)
Income tax		1
Reclassification of hedges, net of tax	\$	(3)
Amortization of actuarial loss:		
Pension benefits	\$	2
Income tax		(1)
Amortization of actuarial loss, net of tax	\$	1
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 May 4, 2024			As of April 29, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Available-for-sale security	\$ —	\$ 6	\$ —	\$ —	\$ 6	\$ —
Foreign exchange forward contracts	—	2	—	—	—	—
Cross-currency swap contract	—	9	—	—	—	—
Total assets	\$ —	\$ 17	\$ —	\$ —	\$ 6	\$ —
Liabilities						
Contingent consideration	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4
Foreign exchange forward contracts	—	—	—	—	1	—
Total liabilities	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 4

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

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)	May 4, 2024	April 29, 2023
Carrying value (1)	\$ 395	\$ 395
Fair value	\$ 321	\$ 339

(1) The carrying value of debt as of both May 4, 2024 and April 29, 2023, included \$ 5 million of issuer's discount and costs.

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

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

(in millions, except per share data)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Net income	\$ 8	\$ 36
Weighted-average common shares outstanding	94.7	93.7
Dilutive effect of potential common shares	0.6	1.4
Weighted-average common shares outstanding assuming dilution	95.3	95.1
Earnings per share - basic	\$ 0.09	\$ 0.39
Earnings per share - diluted	\$ 0.09	\$ 0.38
Anti-dilutive share-based awards excluded from diluted calculation	2.6	2.3

Performance stock units related to our long-term incentive programs of 1.8 million and 0.9 million have been excluded from diluted weighted-average shares for the periods ended May 4, 2024 and April 29, 2023, respectively. 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 (expense) income, net.

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Service cost	\$ 1	\$ 1
Interest cost	5	6
Expected return on plan assets	(5)	(7)
Amortization of net loss	2	3
Net benefit expense	\$ 3	\$ 3

11. Share-Based Compensation

Share-Based Compensation Expense

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

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Options and employee stock purchase plan	\$ 1	\$ 1
Restricted stock units and performance stock units	5	1
Total share-based compensation expense	\$ 6	\$ 2
Tax benefit recognized	\$ 1	\$ —

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Share-Based Compensation (continued)

Stock Options

As of May 4, 2024, there were 8,263,171 shares available for issuance under the 2007 Stock Incentive Plan. Effective in 2024, we no longer issue stock option grants. The table below provides activity for existing awards for the thirteen weeks ended May 4, 2024.

	Number of Shares (in thousands)	Weighted- Average Remaining Contractual Life (in years)	Weighted- Average Exercise Price (per share)
Options outstanding at the beginning of the year	2,738		\$ 48.23
Exercised	(239)		21.60
Expired or cancelled	(259)		53.85
Options outstanding at May 4, 2024	2,240	3.5	\$ 50.41
Options exercisable at May 4, 2024	1,926	2.7	\$ 52.60

The total fair value of options vested for the thirteen weeks ended May 4, 2024 and April 29, 2023 was \$ 2 million and \$ 4 million, respectively. The cash received from option exercises during the thirteen weeks ended May 4, 2024 and April 29, 2023 was \$ 5 million \$ 4 million, respectively, and the related tax benefits realized from option exercises in both periods 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	
(\$ in millions)	May 4, 2024	April 29, 2023
Exercised	\$ 3	\$ 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)	May 4, 2024	April 29, 2023
Outstanding	\$ —	\$ 15
Outstanding and exercisable	\$ —	\$ 13

As of May 4, 2024, there was \$ 2 million of total unrecognized compensation cost related to nonvested stock options which is expected to be recognized over a remaining weighted-average period of 1.4 years.

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Share-Based Compensation (continued)

The table below summarizes information about stock options outstanding and exercisable at May 4, 2024.

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	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 - \$30.98	447	4.8	\$ 26.49	381	\$ 26.14	
\$36.49 - \$46.64	541	6.3	40.83	293	42.21	
\$53.61 - \$58.94	383	2.4	56.47	383	56.47	
\$62.02 - \$72.83	869	1.6	65.98	869	65.98	
	2,240	3.5	\$ 50.41	1,926	\$ 52.60	

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 certain officers and 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 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 the market condition of our PSU awards is determined using a Monte Carlo simulation as of the date of the grant.

Generally, RSU awards fully vest after the passage of time, typically over 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. PSUs granted in 2024 vest after the attainment of the performance period, which is three years. Prior PSU grants vested after the attainment of the performance period and 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 on a straight-line basis.

RSU and PSU activity for the thirteen weeks ended May 4, 2024 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	1,378		\$ 38.81
Granted	1,346		29.16
Vested	(417)		52.23
Forfeited	(10)		37.66
Nonvested at May 4, 2024	2,297	1.9	\$ 30.72
Aggregate value (\$ in millions)	\$ 71		

The total value of RSU and PSU awards that vested during the thirteen weeks ended May 4, 2024 and April 29, 2023 was \$ 22 million and \$ 21 million, respectively. As of May 4, 2024, there was \$ 30 million of total unrecognized compensation cost related to nonvested awards.

FOOT LOCKER, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. Legal Proceedings

Legal proceedings pending against the Company or its consolidated subsidiaries consist of ordinary, routine litigation, or pre-litigation demands, 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.

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 websites, or on our mobile applications, 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 our largest product selections and provide a seamless link between our e-commerce experience and physical stores.

Store Count

At May 4, 2024, we operated 2,490 stores as compared with 2,523 and 2,692 stores at February 3, 2024 and April 29, 2023, respectively.

Licensed Operations

A total of 206 licensed stores were operating at May 4, 2024, as compared with 202 and 163 stores at February 3, 2024 and April 29, 2023, 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.

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Sales	\$ 1,874	\$ 1,927
Licensing revenue	5	4
Total revenue	\$ 1,879	\$ 1,931
Operating Results		
Division profit	\$ 43	\$ 104
Less: Impairment and other (1)	14	39
Less: Corporate expense (2)	11	4
Income from operations	18	61
Interest expense, net	(1)	(1)
Other (expense) income, net (3)	(4)	(3)
Income before income taxes	\$ 13	\$ 57

(1) See the *Impairment and Other* 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 (expense) income, 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 (expense) income, 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 allowing a more direct comparison of 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	
	May 4, 2024	April 29, 2023
(\$ in millions, except per share amounts)		
Pre-tax income:		
Income before income taxes	\$ 13	\$ 57
Pre-tax amounts excluded from GAAP:		
Impairment and other	14	39
Other expense / income, net	2	1
Adjusted income before income taxes (non-GAAP)	\$ 29	\$ 97
After-tax income:		
Net income	\$ 8	\$ 36
After-tax adjustments excluded from GAAP:		
Impairment and other, net of income tax benefit of \$3 and \$6 million, respectively	11	33
Other expense / income, net of income tax expense of \$- and \$- million, respectively	2	1
Tax reserves benefit	—	(4)
Adjusted net income (non-GAAP)	\$ 21	\$ 66
Earnings per share:		
Diluted earnings per share	\$ 0.09	\$ 0.38
Diluted EPS amounts excluded from GAAP:		
Impairment and other	0.11	0.36
Other expense / income, net	0.02	—
Tax reserves benefit	—	(0.04)
Adjusted diluted earnings per share (non-GAAP)	\$ 0.22	\$ 0.70

During the thirteen weeks ended May 4, 2024 and April 29, 2023 we recorded pre-tax charges of \$14 million and \$39 million, respectively, classified as impairment and other. See the *Impairment and Other* section for further information.

The adjustments made to other income / expense, net reflected losses associated with our minority investments and pension and postretirement costs, excluding the service cost component. See the *Other (Expense) Income, net* section for further information.

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 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 in Japan. We have further aggregated these operating segments into one reportable segment based upon their shared customer base and similar economic characteristics.

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. In fiscal years following those with 53 weeks, including 2024, we calculate comparable sales on a 52-week basis by comparing the current and prior-year weekly periods that are most closely aligned. There may be variations in the way in which some of our competitors and other retailers calculate comparable or same store sales.

For the thirteen weeks ended May 4, 2024, total sales decreased by \$53 million, or 2.8%, to \$1,874 million, as compared with the corresponding prior-year period. Excluding the effect of foreign currency fluctuations, total sales decreased by \$46.0 million, or 2.4%, for the thirteen weeks ended May 4, 2024. The information shown below represents certain sales metrics by sales channel.

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Store sales	\$ 1,554	\$ 1,613
\$ Change	(59)	
% Change	(3.7)%	
% of total sales	82.9	83.7
% Comparable sales decrease	(3.0)	(7.4)
Direct-to-customers sales	320	314
\$ Change	6	
% Change	1.9%	
% of total sales	17.1	16.3
% Comparable sales increase / (decrease)	4.0	(16.8)
Total sales	\$ 1,874	\$ 1,927
\$ Change	(53)	
% Change	(2.8)%	
% Comparable sales decrease	(1.8)	(9.1)

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The information shown below represents certain combined stores and direct-to-customers sales metrics for the thirteen weeks ended May 4, 2024 as compared with the corresponding prior-year period.

	Thirteen weeks	
	Constant Currencies	Comparable Sales
Foot Locker	2.0%	0.8%
Champs Sports	(18.6)	(13.4)
Kids Foot Locker	9.6	6.4
WSS	6.7	(5.8)
North America	(1.4)%	(2.5)%
Foot Locker (1)	3.7%	1.6%
Sidestep	(100.0)	n.m.
EMEA	—%	1.6%
Foot Locker	(23.5)%	(8.7)%
atmos	(6.4)	0.3
Asia Pacific	(17.9)%	(5.5)%
Total sales	(2.4)%	(1.8)%

(1) Includes sales from 10 and 15 Kids Foot Locker stores operating in Europe for May 4, 2024 and April 29, 2023, respectively.

Comparable sales decreased by 1.8% as compared with the corresponding prior-year period. By operating segment, North America and Asia Pacific decreased by 2.5% and 5.5%, respectively, while EMEA generated an increase of 1.6%. Comparable sales decreased in our stores channel in 2024, due to ongoing macroeconomic headwinds as our customers became more discerning due to inflation and other cost pressures, which affected customer traffic and conversion, as well as the continued repositioning of our Champs Sports banner. As previously announced, we are repositioning the Champs Sports banner to serve the active athlete, which resulted in expected comparable sales declines due to the transition. The decrease in comparable sales in the stores channel was partially offset by an increase in the direct-to-consumer channel.

For the combined channels, sales excluding foreign currency fluctuations, declined in North America and Asia Pacific, but remained essentially unchanged in EMEA. North America sales were negatively affected by the repositioning of Champs Sports. Additionally WSS' sales benefited from its new store growth, period-over-period they operated 21 additional stores. Constant currency sales for EMEA were unchanged, reflecting an increase in sales from our Foot Locker stores, offset by the loss of sales from the Sidestep banner. We exited the Sidestep business late into the second quarter of 2023. Asia Pacific's sales, excluding foreign currency fluctuations, decreased primarily as a result of the closure of our operations in Hong Kong and Macau and the sale of our Singapore and Malaysia operations to our licensing partner in the second quarter of 2023. Within Asia Pacific, sales, excluding foreign currency fluctuations, decreased in Australia and New Zealand due to a highly competitive marketplace, which was partially offset by an increase in sales from our business operating in South Korea. The decline in sales from atmos was predominantly due to the closing of its U.S. operations, which ceased operations at the end of the fourth quarter of 2023. On a comparable sales basis, atmos' sales increased as a result of the availability of key styles and a rise in traffic from tourism to Japan.

From a product perspective for the combined channels, comparable sales declined in apparel and accessories, partially offset by gains in the footwear category, led by our array of strategic and emerging brand partners.

Gross Margin

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Gross margin rate	28.8%	30.0%
Basis point decrease in the gross margin rate	(120)	
Components of the change:		
Merchandise margin rate decline	(140)	
Lower occupancy and buyers' compensation expense rate	20	

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.

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The gross margin rate decreased to 28.8% for the thirteen weeks ended May 4, 2024, as compared with the corresponding prior-year period, reflecting a 140-basis point decrease in the merchandise margin rate, and a 20-basis point leverage in the occupancy and buyers' compensation rate. The decline in merchandise margin rate reflected higher promotional activity in the current marketplace. The leverage in the occupancy and buyers' compensation rate was primarily related to rent renegotiations and our focus on profitability in the store portfolio.

Selling, General and Administrative Expenses (SG&A)

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
SG&A	\$ 461	\$ 431
\$ Change	\$ 30	
% Change	7.0%	
SG&A as a percentage of sales	24.6%	22.4%

Excluding the effect of foreign currency fluctuations, SG&A increased by \$32 million for the thirteen weeks ended May 4, 2024, as compared with the corresponding prior-year period. As a percentage of sales, SG&A increased by 220 basis points for the thirteen weeks ended May 4, 2024, primarily due to investments in technology and brand-building as well as higher inflation, partially offset by savings from the cost optimization program, store closures, and ongoing expense discipline.

Depreciation and Amortization

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Depreciation and amortization	\$ 51	\$ 51
\$ Change	\$ —	
% Change	—%	

Depreciation and amortization expense remained flat for the thirteen weeks ended May 4, 2024, as compared with the corresponding prior-year period. Despite the higher capital expenditures during the quarter, due to the timing, the effect of our capital spending was offset by operating fewer stores and lower depreciation and amortization associated with prior impairment charges.

Impairment and Other

For the thirteen weeks ended May 4, 2024, we recorded a \$7 million loss accrual for legal claims and a \$7 million impairment of long-lived assets and right-of-use assets related to our decision to no longer operate, and to sublease, one of our larger unprofitable stores in Europe. In the corresponding prior-year period, we recorded impairment charges of \$19 million related to transformation consulting expense, \$18 million of impairment charges related to accelerated tenancy charges on right-of-use assets for the closures of the Sidestep banner and certain Foot Locker Asia stores, and \$2 million of reorganization costs related to the closure of a North American Distribution center and costs associated with the closure of the Sidestep banner and certain Foot Locker Asia stores.

Corporate Expense

(\$ in millions)	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
Corporate expense	\$ 11	\$ 4
\$ Change	\$ 7	

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.

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Corporate expense increased by \$7 million for the thirteen weeks ended May 4, 2024, as compared with the corresponding prior-year period. Depreciation and amortization included in corporate expense was \$9 million for each of the thirteen weeks ended May 4, 2024 and April 29, 2023. Corporate expense increased primarily due to higher incentive compensation tied to performance and our ongoing investments in information technology.

Operating Results

	Thirteen weeks ended			
	May 4, 2024		April 29, 2023	
(\$ in millions)				
Division profit	\$	43	\$	104
Division profit margin		2.3%		5.4%

Division profit margin, as a percentage of sales, decreased to 2.3% for the thirteen weeks ended May 4, 2024, driven by the declines in sales and gross margins and deleveraging expenses.

Interest Expense, Net

	Thirteen weeks ended			
	May 4, 2024		April 29, 2023	
(\$ in millions)				
Interest expense	\$	(6)	\$	(5)
Interest income		5		4
Interest (expense) / income, net	\$	(1)	\$	(1)

Interest expense, net for the quarter-to-date period remained flat for the thirteen weeks ended May 4, 2024, as compared to the corresponding prior-year period, however it reflected an increase in interest expense, offset by higher interest income primarily due to higher rates on our invested cash and cash and equivalents.

Other (Expense) Income, Net

	Thirteen weeks ended			
	May 4, 2024		April 29, 2023	
(\$ in millions)				
Other (expense) income, net	\$	(4)	\$	(3)

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.

For the thirteen weeks ended May 4, 2024, other (expense) income, net reflected expense of \$2 million related to our pension and postretirement programs and a \$2 million loss on our equity method investments. The corresponding prior-year period reflected expense of \$2 million related to our pension and postretirement programs, and a \$1 million loss on our equity method investments.

Income Taxes

	Thirteen weeks ended			
	May 4, 2024		April 29, 2023	
(\$ in millions)				
Provision for income taxes	\$	5	\$	21
Effective tax rate		38.4%		36.3%

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 thirteen weeks ended May 4, 2024 and April 29, 2023, we recognized \$2 million and \$4 million, respectively, reserve releases from various statute of limitations expirations on our foreign income taxes.

During the thirteen weeks ended May 4, 2024, we recorded \$2 million of expense related to tax deficiencies from share-based compensation, primarily from the vesting of certain grants. The amount recorded in the corresponding prior-year period was not significant.

Excluding these items, the effective tax rate for the current year period increased, as compared with the corresponding prior-year period, primarily due to the lower-level income before tax with non-deductible expenses remaining relatively unchanged, coupled with a change in geographic mix of earnings.

The Organization for Economic Co-operation and Development Pillar Two guidelines published to date include transition and safe harbor rules around the implementation of the Pillar Two global minimum tax of 15%. Based on current enacted legislation effective in 2024 and our structure, the effect of these rules were not significant to our overall effective tax rate for thirteen weeks ended May 4, 2024 and we do not currently expect a significant effect on our overall effective tax rate for 2024. We are monitoring developments and evaluating the effects that these new rules will have on our future effective income tax rate, tax payments, financial condition, and results of operations.

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, including the implementation of a new enterprise resource planning system, 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. 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 May 4, 2024, approximately \$1,103 million remained available under our current \$1.2 billion share repurchase program.

Our expected full-year capital spending is \$290 million and an additional \$55 million is expected related to software-as-a-service implementation costs, totaling spend of \$345 million. The forecast includes \$200 million related to the updating ("refresh"), remodeling or relocation of stores, as well as new stores. Updating our stores or "refreshes" represent spending directed towards elevating our brand experience, with modest capital expenditures per store. Additionally, we expect to spend \$90 million primarily for our technology and supply chain initiatives, including capital expenditures related to two new distribution centers. We also expect to spend an additional \$55 million in software-as-a-service implementation costs, related to our technology initiatives as we modernize our enterprise resource planning tools including e-commerce, supply chain, and finance. We have the ability to revise and reschedule some of the anticipated spending program should our financial position require it.

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.

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Operating Activities

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
(\$ in millions)		
Net cash provided by (used in) operating activities	\$ 58	\$ (118)
\$ Change	\$ 176	

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, depreciation and amortization, deferred income taxes, and share-based compensation expense.

The increase in cash from operating activities as compared with the same period last year reflected the changes in working capital, including the timing of payments of accounts payable and accrued and other liabilities, partially offset by lower net income.

Investing Activities

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
(\$ in millions)		
Net cash used in investing activities	\$ (76)	\$ (59)
\$ Change	\$ (17)	

The change in investing activities reflected higher capital expenditures in the current period. For the thirteen weeks ended May 4, 2024, capital expenditures increased by \$17 million to \$76 million, as compared with the corresponding prior-year period. Our current year capital plans call for the updating of approximately 440 existing stores to our current design standards. During the thirteen weeks ended May 4, 2024, we remodeled or relocated 29 stores, including the updating of 13 stores to new design standards.

Financing Activities

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
(\$ in millions)		
Net cash used in financing activities	\$ (1)	\$ (46)
\$ Change	\$ 45	

The change in financing activities primarily resulted from our decision not to pay dividends during the thirteen weeks ended May 4, 2024, as compared with \$38 million in dividends paid in the corresponding prior-year period. Also contributing to the decrease was a \$6 million reduction in payments to satisfy tax withholding obligations related to vesting of share-based equity awards.

Free Cash Flow (non-GAAP measure)

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of our financial strength and our ability to generate cash. We define free cash flow as net cash provided by operating activities less capital expenditures (which is classified as an investing activity). We believe the presentation of free cash flow is relevant and useful for investors because it allows investors to evaluate the cash generated from underlying operations in a manner similar to the method used by management. Free cash flow is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The following table presents a reconciliation of net cash flow provided by operating activities, the most directly comparable U.S. GAAP financial measure, to free cash flow.

	Thirteen weeks ended	
	May 4, 2024	April 29, 2023
(\$ in millions)		
Net cash provided by (used in) operating activities	\$ 58	\$ (118)
Free cash flow	\$ (18)	\$ (177)

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 2023 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 2023 Form 10-K.

Item 4. 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")). Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective to ensure that information relating to the Company that is required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms, and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended May 4, 2024, 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), that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 2023 Annual Report on Form 10-K filed with the SEC on March 28, 2024 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 2023 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 May 4, 2024.

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
February 4 to March 2, 2024	2,150	\$ 34.25	—	\$ 1,103,814,042
March 3 to April 6, 2024	169,009	24.37	—	1,103,814,042
April 7 to May 4, 2024	—	—	—	1,103,814,042
	171,159	\$ 24.50	—	

(1) These columns include shares acquired in satisfaction of the tax withholding obligations of holders of restricted and performance stock units, 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 May 4, 2024, 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).

Item 6. Exhibits

Exhibit No.	Description
10.1†*	Form of Restricted Stock Unit Award Agreement for Executives.
10.2†*	Form of Performance Stock Unit Award Agreement.
10.3†*	Michael Baughn Letter Agreement dated March 27, 2024.
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: June 12, 2024

FOOT LOCKER, INC.

/s/ Michael Baughn

MICHAEL BAUGHN

Executive Vice President and Chief Financial Officer

**RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE FOOT LOCKER 2007 STOCK INCENTIVE PLAN**

This Restricted Stock Unit Award Agreement (this "Agreement") is made under the Foot Locker 2007 Stock Incentive Plan, as amended and restated (the "Plan"), as of _____, by and between Foot Locker, Inc., a New York corporation with its principal office located at 330 West 34th Street, New York, New York 10001 (the "Company"), and _____ (the "Executive").

1. Grant of RSUs. On _____ (the "Date of Grant"), the Human Capital and Compensation Committee (the "Human Capital Committee") of the board of directors of the Company (the "Board") granted the Executive an award of _____ restricted stock units ("RSUs") under the Plan, subject to the terms of the Plan and the restrictions set forth in this Agreement. The RSUs granted to the Executive are considered "Other Stock-Based Awards" under the Plan. Each RSU represents the right to receive one share of the Company's common stock, par value \$.01 per share ("Common Stock"), upon the satisfaction of the terms and conditions set forth in this Agreement and the Plan.

2. Vesting and Delivery

(a) The RSUs shall become vested in equal tranches over the course of three years as follows: one-third of the RSUs shall vest on the first anniversary of the Date of Grant, another one-third of the RSUs shall vest on the second anniversary of the Date of Grant, and the remaining one-third of the RSUs shall become vested on the third anniversary of the Date of Grant (each, a "Vesting Date") and, subject to the terms of this Agreement and the Plan, shares of Common Stock shall be delivered to the Executive as described herein if the Executive has been continuously employed by the Company or its Affiliates (as defined in Section 12) within the meaning of Section 424 of the Internal Revenue Code of 1986, as amended (the "Control Group") from the Date of Grant until each such Vesting Date.

(b) Other than as may be specifically provided for herein, there shall be no proportionate or partial vesting in the periods prior to the Vesting Date and all vesting shall occur only on the Vesting Date, subject to the Executive's continued employment with the Control Group as described in Section 2(a).

(c) In the event that the date of the Executive's termination of employment (the "Termination Date") by reason of death, Disability, or Retirement is prior to the final Vesting Date, Executive (or in the event of his death, his estate) shall receive a pro rata portion of his RSU award to the extent not previously vested. The pro rata portion shall be determined as follows:

- (i) With respect to those RSUs scheduled to vest on the first anniversary of the Date of Grant (to the extent such RSUs remain unvested as of the Termination Date), by multiplying one-third of the RSUs by a fraction, the numerator of which is the number of days from the Date of Grant to the Termination Date and the denominator of which is 366;
- (ii) With respect to those RSUs scheduled to vest on the second anniversary of the Date of Grant (to the extent such RSUs remain unvested as of the Termination Date), by multiplying one-third of the RSUs by a fraction, the numerator of which is the number of days from the Date of Grant to the Termination Date and the denominator of which is 731; and
- (iii) With respect to those RSUs scheduled to vest on the third anniversary of the Date of Grant (to the extent such RSUs remain unvested as of the Termination Date), by multiplying one-third of the RSUs by a fraction, the numerator of which is the number of days from the Date of Grant to the Termination Date and the denominator of which is 1,097.

(d) If the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason upon, or within twenty-four (24) months following, a Change in Control as defined in Appendix A ("Section 2(d) Termination"), the unvested RSUs shall become immediately vested.

(e) In the event the Executive ceases to be employed by the Company or its Affiliates as a result of the closing, sale, spin-off, or other divestiture of any operation of the Company, the Human Capital Committee, in its sole discretion, may, but shall not be obligated to, fully vest and not forfeit all or any portion of the Executive's RSU award.

(f) Subject to Sections 7 and 11.12, when any RSUs become vested, the Company shall promptly issue and deliver to the Executive shares of the Company's Common Stock, less any shares withheld by the Company to cover applicable withholding taxes, within thirty (30) days following the earlier of (i) a termination of employment by reason of death, Disability, or a Section 2(d) Termination or (ii) the Vesting Date. For the avoidance of doubt, payment of RSUs that are vested in connection with the Executive's Retirement as provided under Section 2(c) shall be made within thirty (30) days following the Vesting Date.

3 . Forfeiture. Other than as specifically provided for herein, in the event of the Executive's termination of employment for any reason, including without limitation, resignation, termination with or without Cause, or the Executive's breach of the non-competition provision in Section 9, the Executive shall forfeit, without compensation, all unvested RSUs. The Human Capital Committee, or a sub-committee thereof, may, in its sole discretion, at any time fully vest and not forfeit all or any portion of the Executive's RSUs. Notwithstanding anything contained in this Agreement to the contrary, all RSUs earned under this Agreement, and any shares of Common Stock issued upon settlement hereunder, shall be subject to forfeiture, or repayment pursuant to the terms of the Company's Incentive Compensation Recoupment Policy as may be amended from time to time.

4 . Adjustments. RSUs shall be subject to the adjustment provisions included in Section 5(e) of the Plan. In the event of any such adjustment, the adjusted award shall be subject to the same vesting schedule as the RSUs, as set forth in Section 2.

5. Withholding. The Executive agrees that:

(a) The Company shall have the right to withhold the number of shares of stock from the award sufficient to satisfy any federal, state, international, or local taxes of any kind required by law to be withheld with respect to the vesting of any RSUs which shall have become so vested, as calculated by the Company.

(b) The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state, international or local taxes of any kind required by law to be withheld with respect to any RSUs which shall have become so vested.

6 . Special Incentive Compensation. The Executive agrees that the award of the RSUs is special incentive compensation and that the RSUs will not be taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company, except as specifically provided in any such plan.

7 . Delivery Delay. Notwithstanding anything herein, the delivery of any shares of Common Stock for vested RSUs may be postponed by the Company for such period as may be required for it to comply with any applicable federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such shares shall constitute a violation by the Executive or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

8 . Restriction on Transfer of RSUs. The Executive shall not sell, negotiate, transfer, pledge, hypothecate, assign, or otherwise dispose of the RSUs. Any attempted sale, negotiation, transfer, pledge, hypothecation, assignment or other disposition of the RSUs in violation of the Plan or this Agreement shall be null and void.

9. Non-Competition.

9.1 Competition. By accepting this award of RSUs, as provided below, the Executive agrees that during the "Non-Competition Period" he will not engage in "Competition" with the Company or any of its Affiliates (the "Control Group"). As used herein, "Competition" means:

(a) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever within _____ or in any other country where any of the Executive's former employing members of the Control Group does business in (A) a business in competition with the retail sale (including brick-and-mortar stores and ecommerce) of athletic footwear and apparel conducted by the Control Group (the "Athletic Business"), including but not limited to the companies listed on Appendix B hereto, including any of their Affiliates and successors in interest, (B) a business that in the prior fiscal year supplied product to the Control Group for the Athletic Business having a value of \$20 million or more at cost to the Control Group, or (C) a business in which the Company owns 1 percent or more of the total outstanding stock, including any of its Affiliates and successors in interest; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the Control Group for the Athletic Business; or (Z) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or

(b) intentionally recruiting, soliciting, or inducing, any employee or employees of the Control Group to terminate their employment with, or otherwise cease their relationship with the former employing members of the Control Group where such employee or employees do in fact so terminate their employment.

9.2 "Non-Competition Period." As used herein, "Non-Competition" Period means: the period commencing on the Date of Grant and ending on the Vesting Date, or any part thereof, during which the Executive is employed by the Control Group, and (ii) if the Executive's employment with the Control Group terminates for any reason during such period, the _____-year period commencing on the date his employment with the Control Group terminates. Notwithstanding the foregoing, the Non-Competition Period shall not extend beyond the date the Executive's employment with the Control Group terminates if such termination of employment occurs following a "Change in Control" as defined in Appendix A hereto.

9.3 Breach of Non-Competition Provision. The Executive agrees that the breach by him of the provisions included herein under Section 9 under the heading "Non-Competition" (the "Non-Competition Provision") would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law. The Executive therefore agrees that in the event of a breach or a threatened breach of the Non-Competition Provision, the Company shall be entitled to (i) an immediate injunction and restraining order to prevent such breach, threatened breach, or continued breach, including by any and all persons acting for or with him, without having to prove damages and (ii) any other remedies to which the Company may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach of the Non-Competition Provision, including, but not limited to, recovery of damages. The Executive and the Company further agree that the Non-Competition Provision is reasonable and that the Company would not have granted the award of RSUs provided for in this Agreement but for the inclusion of the Non-Competition Provision herein. If any provision of the Non-Competition Provision is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities, or geographic area as to which it may be enforceable. The validity, construction, and performance of the Non-Competition Provision shall be governed by the laws of the State of New York without regard to its conflicts of laws principles. For purposes of the Non-Competition Provision, the Executive and the Company consent to the jurisdiction of state and federal courts in New York County. Notwithstanding anything herein to the contrary, Section 9.1(b) shall not apply after your Termination Date (i) if you primarily lived or worked in California on the date that you executed this Agreement or (ii) to the extent such section or any part thereof is otherwise unlawful under applicable California law.

10. Not an Employment Agreement.

The award of RSUs hereunder does not constitute an agreement by the Company to continue to employ the Executive during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the RSUs are outstanding.

11. Miscellaneous.

11.1 In no event shall any dividend equivalents accrue or be paid on any RSUs.

11.2 This Agreement shall inure to the benefit of and be binding upon all parties hereto and their respective heirs, legal representatives, successors, and assigns.

11.3 This Agreement shall be subject to any compensation recoupment policy that the Company may adopt.

11.4 This Agreement constitutes the entire agreement between the parties and cannot be changed or terminated orally. No modification or waiver of any of the provisions hereof shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

11.5 This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

11.6 The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

11.7 This Agreement is subject, in all respects, to the provisions of the Plan, and to the extent any provision of this Agreement contravenes or is inconsistent with any provision of the Plan, the provisions of the Plan shall govern.

11.8 The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

11.9 Capitalized terms used herein that are not defined in this Agreement shall have the meanings provided for such terms under the Plan.

11.10 Whenever the context so requires, the use of the masculine gender in this Agreement shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

11.11 All notices, consents, requests, approvals, instructions, and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same. In the case of the Company, notices shall be addressed to the General Counsel at the address set forth at the heading of this Agreement. In the case of the Executive, notices shall be addressed to his principal residence address as shown in the records of the Company, or to such other address as either party may designate by like notice.

11.12 This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of New York without regard to its conflicts of laws principles.

11.13 Although the Company does not guarantee the tax treatment of the RSUs, this Agreement is intended to comply with, or be exempt from, the applicable requirements of Code Section 409A and shall be limited, construed, and interpreted in accordance with such intent. Accordingly, in the event that you are a "specified employee" within the meaning of Code Section 409A as of the date of your separation from service (as determined pursuant to Code Section 409A and any procedure set by the Company), any award of RSUs payable as a result of such separation from service, if any, shall be settled no earlier than the day following the six-month anniversary of your separation from service, or, if earlier, your death.

11.14 To accept this RSU grant, please click "Accept Grant" no later than _____. Please ensure your home address is accurate by reviewing your profile information.

12. Definitions.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Person" means any individual, partnership, firm, corporation, association, trust, unincorporated organization, or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FOOT LOCKER, INC.

By: _____

[•]

By: _____

[•]

APPENDIX A

Change in Control

A Change in Control shall mean any of the following:

(A) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any Person other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Exchange Act), of securities representing more than the amounts set forth in (B) below;

(B) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Exchange Act), in the aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person (other than the Company or any of its Affiliates, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Stock) acting in concert; or

(C) during any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

This definition of Change in Control is intended to be construed as defined in the Plan and shall be interpreted in a manner consistent with Treasury Regulation § 1.409A-3(i)(5).

APPENDIX B

**PERFORMANCE STOCK UNIT AWARD AGREEMENT
UNDER THE FOOT LOCKER 2007 STOCK INCENTIVE PLAN**

_____ **Performance Period**

This Performance Stock Unit Award Agreement (this "Agreement") is made under the Foot Locker 2007 Stock Incentive Plan (the "Plan"), as of _____ (the "Grant Date"), by and between Foot Locker, Inc., a New York corporation with its principal office located at 330 West 34th Street, New York, New York 10001 (the "Company"), and _____.

1. General. As a participant in the Company's long-term incentive ("LTI") program for the _____ Performance Period, which covers the fiscal years beginning on each of _____, _____, and _____ (the "Performance Period"), you have been granted an award of _____ performance stock units ("PSUs"), allocated as set forth on Appendix A. The PSUs are intended to constitute "Other Stock-Based Awards" under the Plan. Each PSU represents the right to receive between zero (0) and two (2) shares of the Company's common stock, par value \$0.01 per share ("Common Stock"), payable at the end of the Performance Period upon the satisfaction of the terms and conditions set forth in this Agreement (including Appendix A) and the Plan.

This Agreement sets forth the terms and conditions with regard to your PSU award. Unless otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan.

2. Earning of PSUs. The actual number of PSUs that become vested shall be determined and payable in accordance with the terms of this Agreement, based upon the level of achievement of the applicable Performance Goals (as set in Appendix A). The Human Capital and Compensation Committee (the "Human Capital Committee") of the board of directors of the Company (the "Board") shall certify the level of achievement of the Performance Goals for the Performance Period during the Company's first fiscal quarter in _____ (the "Certification") and shall determine the number of shares of the Company's Common Stock you shall receive with respect to your vested PSUs.

3. Delivery.

(a) Subject to the terms of this Agreement and the Plan, shares of Common Stock you earn in respect of your PSUs shall be delivered to you as described below if you have been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Code (the "Control Group") from the Grant Date until _____ (the "Vesting Date").

(b) Other than as specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to the Vesting Date, and all vesting shall occur only on the Vesting Date, subject to your continued employment with the Control Group as described in Section 3(a).

(c) If the Company terminates your employment without Cause or you terminate your employment for Good Reason upon or following a Change in Control (as defined in Appendix B) and such Change in Control occurs following the end of the Performance Period and the Certification, all unvested PSUs shall become vested at actual performance levels, and shall be paid in accordance with Section 3(f).

(d) If the Company terminates your employment without Cause or you terminate your employment for Good Reason upon, or within twenty-four (24) months following, a Change in Control as defined in Appendix B hereto and your Termination occurs prior to the end of the Performance Period, all unvested PSUs shall become vested at the greater of target and actual performance levels, and shall be paid in accordance with Section 3(f).

(e) In the event of your Termination by reason of death, Disability (within the meaning of Code Section 409A(a)(2)(C)(i) or (ii)) or Retirement prior to the Vesting Date, following the Certification, you (or in the event of your death, your estate) shall receive a pro rata portion of the PSUs that you would have received if you had been employed by the Company on the Vesting Date, based on the actual level of achievement of the Performance Goals set forth in Appendix A. The prorated portion shall be determined by multiplying the number of PSUs you would have been entitled to receive if you had not incurred such Termination by a fraction, the numerator of which is the number of days from the Grant Date to the Termination Date and the denominator of which is the total number of days in the Performance Period.

(f) Subject to Sections 8 and 12(k), the Company shall issue and deliver to you shares of the Company's Common Stock earned with respect to vested PSUs within 30 days following the Certification.

4. Forfeiture.

(a) Any PSUs that remain outstanding as of the Vesting Date and do not vest in accordance with Section 2 or Section 3 of this Agreement shall be forfeited without compensation immediately following the Certification.

(b) Except as expressly set forth in Section 3(e), in the event of your Termination prior to the Vesting Date or your breach of the Non-Competition Provision in Section 10, all unvested PSUs shall be forfeited to the Company, without compensation.

(c) Notwithstanding anything contained in this Agreement to the contrary, all PSUs earned under this Agreement, and any shares of Common Stock issued upon settlement hereunder, shall be subject to forfeiture, or repayment pursuant to the terms of the Company's Incentive Compensation Recoupment Policy as may be amended from time to time.

5. Adjustments. PSUs shall be subject to the adjustment provisions included in Section 5(e) of the Plan. In the event of any such adjustment, the adjusted award shall be subject to the same vesting schedule as the PSUs, as set forth in Section 3.

6. Withholding. You agree that:

(a) The Company shall have the right to withhold the number of shares of stock from the award sufficient to satisfy any federal, state, international, or local taxes of any kind required by law to be withheld with respect to the vesting of any PSUs or the delivery of shares of Company Common Stock in respect of PSUs which have become so vested, as calculated by the Company; and

(b) The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to you any federal, state, foreign, or local taxes of any kind required by law to be withheld with respect to any PSUs which shall have become so vested.

7. Special Incentive Compensation. You agree that the award of the PSUs is special incentive compensation and that the PSUs will not be taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement, or profit-sharing plan of the Company or any life insurance, disability, or other benefit plan of the Company, except as specifically provided in any such plan.

8. Delivery Delay. Notwithstanding anything herein, the delivery of any shares of Common Stock for vested PSUs may be postponed by the Company for such period as may be required for it to comply with any applicable federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such shares shall constitute a violation by you or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

9 . Restriction on Transfer of PSUs. You shall not sell, negotiate, transfer, pledge, hypothecate, assign, or otherwise dispose of the PSUs. Any attempted sale, negotiation, transfer, pledge, hypothecation, assignment or other disposition of the PSUs in violation of the Plan or this Agreement shall be null and void.

10. Non-Competition.

10.1 Competition. By accepting this award of PSUs, as provided below, you agree that during the "Non-Competition Period" you will not engage in "Competition" with the Control Group. As used herein, "Competition" means:

(a) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever within the United States and the country in which you principally provide service, or in any other country where any of your former employing members of the Control Group does business in (A) a business in competition with the retail sale (including brick-and-mortar stores and ecommerce) of athletic footwear and apparel conducted by the Control Group (the "Athletic Business"), including but not limited to the companies listed on Appendix C hereto, including any of their Affiliates and successors in interest, (B) a business that in the prior fiscal year supplied product to the Control Group for the Athletic Business having a value of \$20 million or more at cost to the Control Group, or (C) a business in which the Company owns 1 percent or more of the total outstanding stock, including any of its Affiliates and successors in interest; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the Control Group for the Athletic Business; or (Z) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or

(b) intentionally recruiting, soliciting, or inducing, any employee or employees of the Control Group to terminate their employment with, or otherwise cease their relationship with the former employing members of the Control Group where such employee or employees do in fact so terminate their employment.

10.2 "Non-Competition Period." As used herein, "Non-Competition" Period means: the period commencing on the Date of Grant and ending on the Vesting Date, or any part thereof, during which you are employed by the Control Group, and (ii) if your employment with the Control Group terminates for any reason during such period, the _____-year period commencing on the date his employment with the Control Group terminates. Notwithstanding the foregoing, the Non-Competition Period shall not extend beyond the date your employment with the Control Group terminates if such termination of employment occurs following a "Change in Control" as defined in Appendix B hereto.

10.3 Breach of Non-Competition Provision. You agree that your breach of the provisions included herein under Section 10 under the heading "Non-Competition" (the "Non-Competition Provision") would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law. You therefore agree that in the event of a breach or a threatened breach of the Non-Competition Provision, the Company shall be entitled to (i) an immediate injunction and restraining order to prevent such breach, threatened breach, or continued breach, including by any and all persons acting for or with you, without having to prove damages and (ii) any other remedies to which the Company may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach of the Non-Competition Provision, including, but not limited to, recovery of damages. You and the Company further agree that the Non-Competition Provision is reasonable and that the Company would not have granted the award of PSUs provided for in this Agreement but for the inclusion of the Non-Competition Provision herein. If any provision of the Non-Competition Provision is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities, or geographic area as to which it may be enforceable. The validity, construction, and performance of the Non-Competition Provision shall be governed by the laws of the State of New York without regard to its conflicts of laws principles. For purposes of the Non-Competition Provision, you and the Company consent to the jurisdiction of state and federal courts in New York County. Notwithstanding anything herein to the contrary, Section 10.1(b) shall not apply after your Termination Date (i) if you primarily lived or worked in California on the date that you executed this Agreement or (ii) to the extent such section or any part thereof is otherwise unlawful under applicable California law.

11. Not an Employment Agreement

The award of PSUs hereunder does not constitute an agreement by the Company to continue to employ you during the entire, or any portion of the term of this Agreement, including but not limited to any period during which the PSUs are outstanding.

12. Miscellaneous.

(a) In no event shall any dividend equivalents accrue or be paid on any PSUs.

(b) This Agreement shall inure to the benefit of and be binding upon all parties hereto and their respective heirs, legal representatives, successors, and assigns.

(c) This Agreement shall be subject to any compensation recoupment policy that the Company may adopt.

(d) This Agreement constitutes the entire agreement between the parties and cannot be changed or terminated orally. No modification or waiver of any of the provisions hereof shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(f) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(g) This Agreement is subject, in all respects, to the provisions of the Plan, and to the extent any provision of this Agreement contravenes or is inconsistent with any provision of the Plan, the provisions of the Plan shall govern.

(h) The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

(i) All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at, in the case of the Company, the address set forth at the heading of this Agreement and, in the case of you, your principal residence address as shown in the records of the Company, or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to the General Counsel.

(j) This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of New York without regard to its conflicts of laws principles.

k) Although the Company does not guarantee the tax treatment of the PSUs, this Agreement is intended to comply with, or be exempt from, the applicable requirements of Code Section 409A and shall be limited, construed and interpreted in accordance with such intent. Accordingly, in the event that you are a "specified employee" within the meaning of Code Section 409A as of the date of your separation from service (as determined pursuant to Code Section 409A and any procedure set by the Company), any award of PSUs payable as a result of such separation from service shall be settled no earlier than the day following the six- month anniversary of your separation from service, or, if earlier, your death.

(l) To accept this grant, please click "Accept Grant" no later than _____.

13. Definitions.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Person" means any individual, partnership, firm, corporation, association, trust, unincorporated organization, or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FOOT LOCKER, INC.

By: _____

[•]

By: _____

[•]

APPENDIX A

APPENDIX B

Change in Control

A Change in Control shall mean any of the following:

(A) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any person or entity or group of associated persons or entities (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) (a "Person") other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Exchange Act), of securities representing more than the amounts set forth in (B) below;

(B) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Exchange Act), in the aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person (other than the Company or any of its subsidiaries, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company) acting in concert; or

(C) during any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

This definition of Change in Control is intended to be construed as defined in the Plan and shall be interpreted in a manner consistent with Treasury Regulation § 1.409A-3(i)(5).

APPENDIX C

AMENDMENT TO OFFER LETTER PROVISIONS

WHEREAS, Foot Locker, Inc. (the "Company") provided an offer of employment to Michael Baughn (the "Executive") by way of an Offer Letter, dated May 15, 2023 (the "Offer Letter"), and the Executive accepted the Offer Letter on May 16, 2023; and

WHEREAS, the Company and the Executive executed an Exhibit A to the Offer Letter, entitled "Additional Offer Letter Provisions";

WHEREAS, the Company and the Executive desire to execute this Amendment to the Offer Letter, entitled "Amendment to Offer Letter Provisions"; and

NOW, THEREFORE, the Company and the Executive hereby agree as follows:

1. The "Annual Bonus" provision of the Offer Letter is hereby amended to read in its entirety, as follows:

Annual Bonus: 85% at target – in accordance with the Annual Incentive Compensation Plan. Participation in the bonus is prorated from your date of hire. For fiscal 2023, you will be paid a bonus in the gross amount of Two Hundred Eighty-Three Thousand Three Hundred Sixty Four Dollars and Thirty Eight Cents (\$283,364.38), which represents 80% of your prorated target.

2. All provisions of the Offer Letter not expressly amended hereby shall remain unmodified and unamended.

3. The Company and the Executive may execute this Amendment in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart's signature page of this Amendment by facsimile, email in portable document format (.pdf), through DocuSign, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document has the same effect as delivery of an executed original of this Amendment.

IN WITNESS WHEREOF, the Company and the Executive hereto have executed this Amendment to the Offer Letter on the date first above written.

FOOT LOCKER, INC.

/s/ Jennifer L. Kraft

By: Jennifer L. Kraft
Executive Vice President and General Counsel

/s/ Michael A. Baughn

Michael A. Baughn
Dated: March 27, 2024

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.

June 12, 2024

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

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.

June 12, 2024

/s/ Michael Baughn

Executive Vice President and Chief Financial Officer

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 May 4, 2024, 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: June 12, 2024

/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.