

FOOT LOCKER, INC.

2021

Inspiring & Empowering Youth Culture

ANNUAL
REPORT



FOOT LOCKER, INC.

ABOUT THE COMPANY

Foot Locker, Inc. leads the celebration of sneaker and youth culture around the globe through a portfolio of brands including Foot Locker, Kids Foot Locker, Champs Sports, Eastbay, atmos, WSS, Footaction, and Sidestep. Operating 2,858 retail stores, as well as websites and mobile apps, in 28 countries across North America, Europe, Asia, Australia and New Zealand, in addition to 142 franchised Foot Locker stores located within the Middle East and Asia, the Company's purpose is to inspire and empower youth culture around the world, by fueling a shared passion for self-expression and creating unrivaled experiences at the heart of the global sneaker community. Foot Locker, Inc. has corporate headquarters in New York. For additional information please visit www.footlocker-inc.com.



TABLE OF CONTENTS

Financial Highlights _____	1
Letter to Shareholders _____	2
Form 10-K _____	9
Board of Directors, Executive Leadership, Corporate Leadership, Divisional Leadership, and Corporate Information _____	IBC

This report contains forward-looking statements within the meaning of the U.S. securities laws. Other than statements of historical facts, all statements that address activities, events, or developments that the Company anticipates will or may occur in the future, including, but not limited to, such things as future capital expenditures, expansion, strategic plans, financial objectives, dividend payments, stock repurchases, the continuing effects of each of the coronavirus pandemic COVID-19 variants on our financial results, growth of the Company's business and operations, including future cash flows, revenues, earnings, and other such matters, are forward-looking statements. These forward-looking statements are based on many assumptions and factors, which are detailed in the Company's filings with the U.S. Securities and Exchange Commission.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. For additional discussion on risks and uncertainties that may affect forward-looking statements, see "Risk Factors" disclosed in the 2021 Annual Report on Form 10-K. Any changes in such assumptions or factors could produce significantly different results. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events, or otherwise.



Our Purpose is to Inspire and Empower Youth Culture

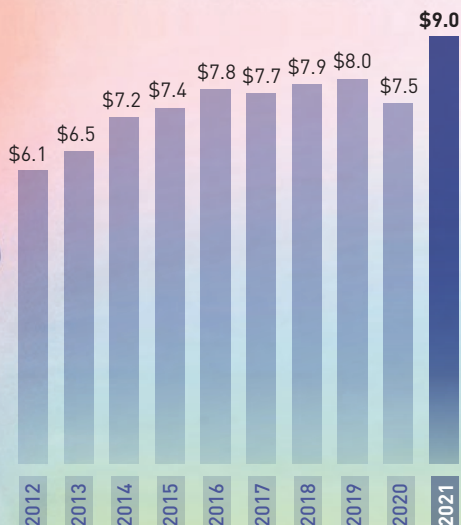
FINANCIAL HIGHLIGHTS*

	2017	2018	2019	2020	2021
Sales**	\$7,687	\$7,939	\$8,005	\$7,548	\$8,958
Sales per Gross Square Foot	\$ 495	\$ 504	\$ 510	\$ 417	\$ 540
Adjusted EBIT**	\$ 762	\$ 741	\$ 722	\$ 428	\$ 1,120
Adjusted EBIT Margin	9.9%	9.3%	9.0%	5.7%	12.5%
Adjusted Net Income**	\$ 510	\$ 547	\$ 538	\$ 296	\$ 807
Adjusted Net Income Margin	6.6%	6.9%	6.7%	3.9%	9.0%
Adjusted Diluted EPS	\$ 3.99	\$ 4.71	\$ 4.93	\$ 2.81	\$ 7.77
Return on Invested Capital	11.0%	12.0%	12.5%	8.6%	17.4%
Cash and Cash Equivalents, Net of Debt**	\$ 724	\$ 767	\$ 785	\$ 1,570	\$ 347

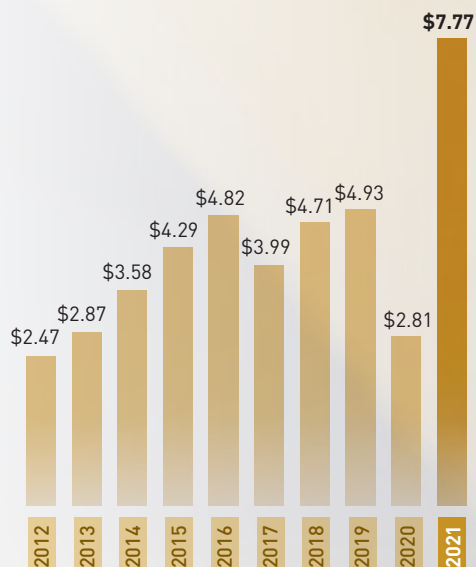
* Results in this table and throughout pages 1 through 8 refer to non-GAAP, adjusted figures, on a 52-week basis. See pages 21-23 of Form 10-K for the reconciliation of GAAP to non-GAAP adjusted results.

** In Millions

TOTAL SALES (IN BILLIONS)



EARNINGS PER SHARE



We made great progress in further diversifying our business across brands, categories, channels, and banners.

Dear Fellow Shareholders:

2021 was a remarkable year for Foot Locker, Inc., with the Company achieving record sales and profits, driven by healthy demand in our category, a favorable promotional environment, and strong execution by the team against our strategic imperatives to Elevate the Customer Experience, Invest for Long-Term Growth, Drive Productivity, and Leverage the Power of Our People.

We remain committed to our purpose to inspire and empower youth culture and further our connection to the sport and sneaker communities. This unwavering commitment, using our strategic imperatives as a guide, has allowed us to make great progress in further diversifying our business across brands, categories, channels, and banners, including the acquisition of two unique and scalable assets.

Additionally, our focus on ESG issues has yielded important achievements through programs like our Leading Education & Economic Development (LEED) initiative that was launched to support the Black community.

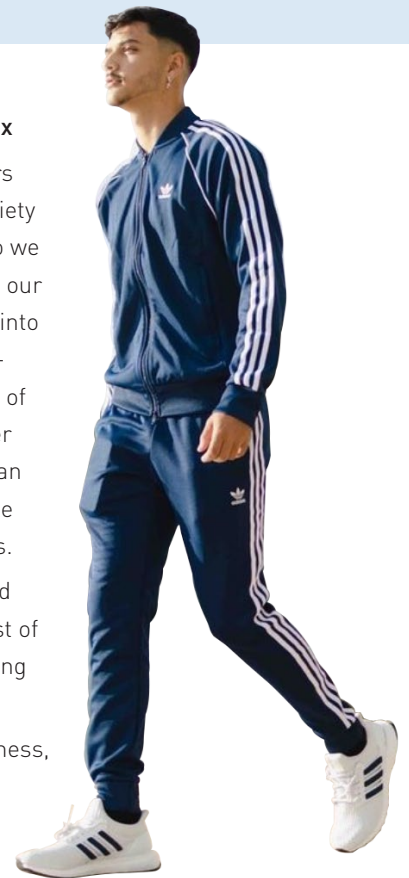


Let me elaborate on the progress we've made this past year in these key areas.

Diversifying Our Product Mix

We know that our consumers demand choice across a variety of brands and categories, so we continue to work to broaden our selection, including leaning into brands where we are under-penetrated, the introduction of new partner brands, a bigger focus on apparel, including an expansion of our own private labels and controlled brands.

- In 2021, we saw increased vendor diversity with most of our top 20 vendors showing strong growth.
- We grew the overall business, even as the penetration of our largest vendor declined to approximately 68% of purchases, down from 75% in 2020.
- We built on recent brand and product additions that showcase the expanding breadth of our consumer's sneaker closet covering athletic, outdoor, and seasonal.
- Our apparel strategy yielded strong results, growing the category by approximately 40% to \$1.4 billion in annual sales for the first time in Foot Locker, Inc.'s history.
 - o We launched new private labels including LCKR, our new menswear line, and Cozi, our new womenswear line, both of which are off to a great start.
 - o We also continued to develop exclusive partnerships like All City by Just Don, an exclusive lifestyle basketball brand that is inspired by the spirit of community, and curated drops by Melody Ehsani, our Creative Director of our women's business.





ELEVATE THE CUSTOMER EXPERIENCE

We strive to create unrivaled lifestyle experiences that connect and celebrate sneaker culture.

Investing in Growth

We added two high-growth companies – WSS and atmos – to the Foot Locker family, each with their own differentiated strengths. These strategic acquisitions expand our customer base and geographic reach, strengthen our store footprint, and further diversify our product mix across consumers and price points.

- WSS, which we expect to double to approximately \$1 billion in sales by 2024, gives us a strong off-mall presence in expanding markets with a full family offering and a special connection to the rapidly growing Hispanic community.
- atmos, which we expect to grow by 30% to approximately \$300 million of sales over the next three years, provides us with a foothold in Japan and a key launching point into the rest of Asia with a digitally-led business model that incorporates premium product and creative use of collaborations to generate excitement.

We also continue to expand our reach into Asia through our Foot Locker banner, adding 10 stores in 2021, bringing our total to 30 stores, furthering our penetration in the region.

Real Estate Flexibility and Off-Mall Pivot

Our real estate portfolio provides us with a tremendous amount of flexibility as we look to optimize our store base for our consumer. In 2021,

we made the strategic decision to wind down the Footaction banner, closing most stores but converting approximately one-third to other banners, with that process mostly complete at the end of the year. While a difficult decision, this transition demonstrates the flexibility of our fleet as we manage a portfolio of retail brands.

Including WSS, our off-mall mix now stands at 21% of our stores in North America, up from 14% in 2018. In addition to WSS, driving that shift are our Community & Power stores which enhance both our off-mall presence as well as our connection with communities by bringing life to a wider and richer, more locally relevant product assortment. These stores help us build authentic relationships with our customers at the hyper local level by incorporating elements from their communities into the physical designs, partnering with local businesses and organizations, and engaging local artists, athletes and influencers.

Product from local designers is given special activation, and stores are staffed with local personnel to deepen the ties to the community as well.

Meanwhile, we have reduced the average remaining lease life of our North America mall stores to approximately three years, down from over four years in 2018, providing us increased flexibility to optimize our real estate footprint.





**INVEST FOR
LONG-TERM
GROWTH**

We were able to invest in our business organically, fund two important acquisitions and other minority investments, pay our dividend, buy stock, and still end the year with a strong net cash position.

**Omni-Channel Evolution and Connection
with Our Customer**

In addition to our strategies around product and our physical footprint, we also continue to enhance our omni-channel offering, as well as drive engagement with our customers through our loyalty program, FLX.

- Our new e-commerce platform was fully rolled out across Foot Locker Europe, with improved navigation and page load speeds helping to drive increased conversion.
- We rolled out new payment options like Apple Pay, Google Pay, Klarna, and Afterpay across various regions.
- We continued to add vendors to our drop ship program, which allows us to add to our assortment and availability, effectively creating an endless aisle for the consumer while not increasing our inventory levels or working capital needs.
- FLX, our loyalty program, saw impressive growth this year. In Europe, we continued to roll out the program across the region with more to come in 2022. Overall, active members grew by over 50%, and the sales capture rate increased from 50% in 2020 to nearly 70% in 2021.



**Organizational Enhancements to Advance Long-Term
Global Growth and Power Our Omni-Channel Ecosystem**

In November 2021, we made certain organizational enhancements, including elevating Frank Bracken to the new role of Executive Vice President and Chief Operating Officer, to advance our long-term global growth and power our omni-channel ecosystem. The marketplace and consumers we serve are changing dynamically, making this an ideal time to enhance an integrated omni-channel ecosystem, and to strengthen our commercial capabilities. The addition of a Chief Operating Officer creates a more streamlined and agile organizational structure that builds on the success of our geo-focused growth strategy. We will be in a stronger position to address new and emerging opportunities and to grow our connectivity with our consumers and the communities we serve.

Also, as part of a planned succession strategy, in April 2021, Andrew Page joined the Company as our new Executive Vice President and Chief Financial Officer, replacing Lauren Peters, who retired from the Company after 24 years of service. These organizational enhancements underscore our focus on aligning our operations and finance teams to drive organizational productivity. This also reflects the Company's focus on creating a world-class omni-channel customer experience while it continues to pursue its global growth agenda.



DRIVE PRODUCTIVITY

We are committed to continually improving our operating efficiency.

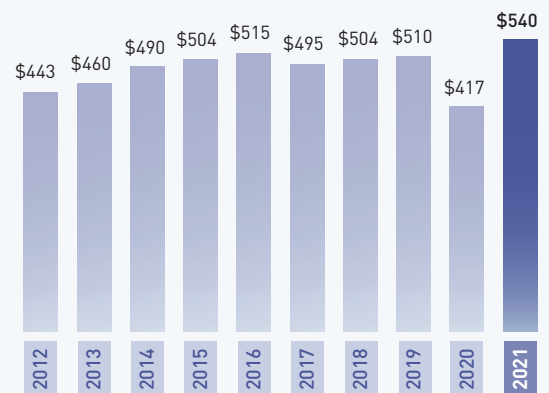
Highlights of our 2021 Financial Results

Total sales for 2021 increased almost 19% to approximately \$9 billion, the highest in Foot Locker, Inc.'s history, driven by strong performance in most of our top 20 brands and solid growth in women's and apparel. All regions posted double-digit comps, with particular strength in EMEA and Asia-Pacific, both up over 20%. In North America, Foot Locker US, Kids Foot Locker, and Champs Sports all grew comparable sales by mid-teens or better.

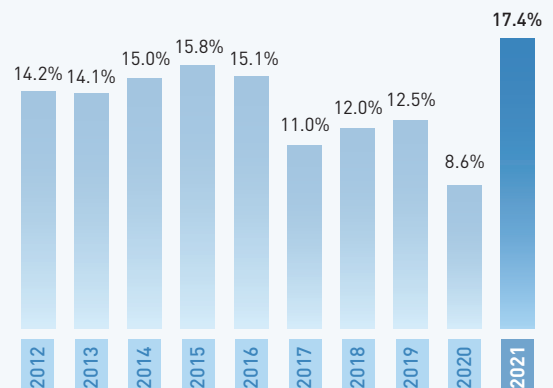
Supply chain disruption related to ongoing effects from COVID-19 resulted in unusually lean inventories, which combined with strong demand, led to exceptional full price selling and low markdowns, and drove our gross margins to record levels. Meanwhile, solid execution allowed us to leverage SG&A despite elevated inflationary pressure across our business. As a result, Adjusted EBIT margins reached 12.5%, the highest level in the past five years.

Earnings on an adjusted basis rose to \$7.77 per share, a 176.5% increase over last year's EPS, and our Return on Invested Capital was 17.4%, above the mid-teens long-term target we set in 2019.

SALES PER SQUARE FOOT



RETURN ON INVESTED CAPITAL





**LEVERAGE
THE POWER
OF OUR PEOPLE**

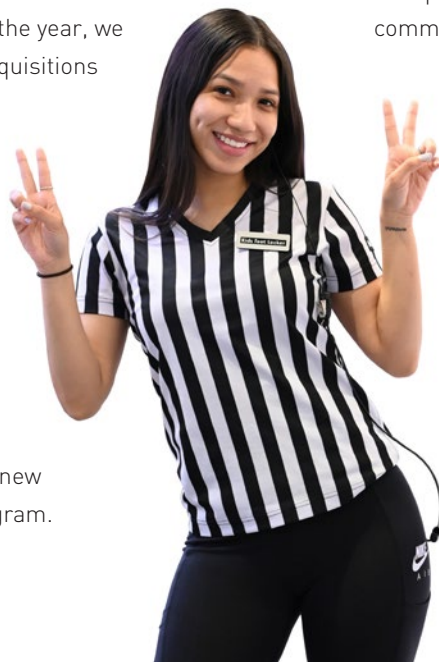
Our people drive the business forward.
Their relentless dedication enables our success.

A Balanced Approach to Capital Allocation

Our strong financial position is the foundation on which we can pursue our strategic priorities and build on our position at the center of sneaker and youth culture, while also continuing to return a meaningful percentage of earnings to our shareholders through dividends and our opportunistic share repurchase program.

Our capital allocation priorities remain unchanged: invest in the growth of our business and return cash to our shareholders through periodic dividend payments as well as opportunistic share repurchases.

After investing in our business, we generated \$457 million of free cash flow in 2021. Combined with our strong cash balance entering the year, we were able to fund two strategic acquisitions and other minority investments, pay \$101 million in dividends, buy back \$348 million of stock, and still end the year with a strong \$347 million net cash position after issuing debt of \$400 million. In February 2022, our Board approved a 33% increase in our quarterly dividend, to 40 cents per share, a return to pre-pandemic levels, as well as a new \$1.2 billion share repurchase program.



Community and Environmental, Social, and Governance (ESG) Efforts

We recognize that investors and their advocacy groups are increasingly focused on companies' ESG practices and have placed increasing importance on the implications and social cost of their investments. Furthermore, as a company, we understand that how we achieve our purpose is just as important as the results we achieve. Therefore, our commitment to ESG remains an integral part of how we manage the business, interact with the communities we serve, create an inclusive and diverse workplace and culture, and sustain value by making decisions that are good for the environment.

As we approach the second anniversary of our LEED commitment to support the Black community, I am proud to report the numerous accomplishments we have achieved through our pledge to invest \$200 million over five years:

- Our open-to-buy program has launched more than 40 brands, including \$10 million invested in Black-owned brands and creators.
- The "Designing with Sole" program powered by PENSOLE and New Balance created an opportunity for underrepresented voices in the footwear industry.



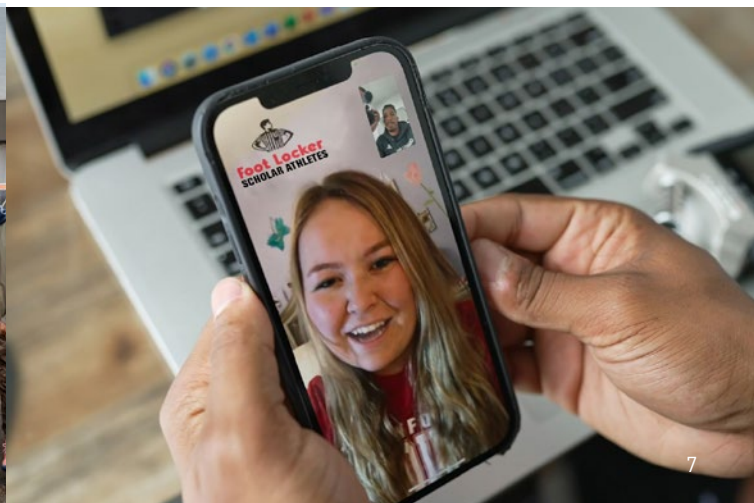
Social responsibility and community are at the core of who we are.

- We expanded our associate scholarship program to 30 recipients.
- Our BRIDGE internship program continued to create pathways for talented store team members to work in our corporate offices.
- We enrolled nearly 100 team members in McKinsey & Company's Black Leadership Academy, a development and mentorship program that extends from executive mentorship to management capabilities.
- We announced \$1.5 million in grants through the Local Initiatives Support Corporation (LISC) to 16 community organizations focused on advancing equity in Black, Indigenous, and People of Color communities.
- We also worked to advance diversity in how VC funds are allocated by investing in six Black-owned venture capital firms.

In addition to our work with LEED, the Foot Locker Foundation continues to fund our external scholarship programs, as well as our recurring donations to the Boys & Girls Club, UNCF, and the Two Ten Footwear Foundation.

As part of our greenhouse gas stewardship, we recently announced our ambition to achieve net zero GHG emissions by 2050 or sooner, in alignment with climate scientists' recommendations to transition toward a net zero state and avoid the worst impacts of climate change.

To learn more about our efforts to power a more sustainable future, please see our impact report at investors.footlocker-inc.com/impactreport in which we detail our various efforts around these important issues that are impacting our business and the world every day.





We understand that how we achieve our purpose is just as important as the results we achieve.

Thank You

2021 was another year of challenges related to COVID-19, supply chain disruption, and availability of product, but our team executed extremely well to deliver these record results, and I want to thank every team member at Foot Locker, Inc. for their hard work, dedication, and commitment.

Our Board of Directors plays a critical role in helping us position the Company for long-term success, and I want to thank all of our directors for their expertise, guidance, and support. In particular, I want to extend a special thank you to Matt McKenna who will be retiring from the Board this year after 16 years of service and contribution, particularly in financial and investment matters. I would also like to welcome to the Board, Gina Drosos, who brings to the board her extensive experience in branding, marketing, global operations, and business expansions into new product lines, retail channels, and geographies.

I look forward to building on the strong relationship we have with our shareholders, and I would like to thank all of you for your ongoing support of the Company as we pursue our strategic objectives.

The future for Foot Locker, Inc. is bright, and I am confident in the strategic direction of the Company as we continue to evolve and diversify our business to achieve our purpose to Inspire and Empower Youth Culture and best serve the sport and sneaker communities.



Richard A. Johnson
Chairman and Chief Executive Officer



FOOT LOCKER, INC.

10-K

CHAMPS

SPORTS



FOOT LOCKER, INC.

BOARD OF DIRECTORS

Richard A. Johnson¹
Chairman, President and
Chief Executive Officer

Dona D. Young^{1,2,5}
Lead Director
Retired Chairman,
President and Chief Executive Officer
The Phoenix Companies, Inc.

Virginia C. Drosos^{2,3}
Chief Executive Officer
Signet Jewelers Limited

Alan D. Feldman^{3,4}
Retired Chairman,
President and Chief
Executive Officer
Midas, Inc.

Guillermo G. Marmol^{1,2,4}
President
Marmol & Associates

Matthew M. McKenna^{2,3}
Executive in Residence
Georgetown University,
McDonough School of Business;
General Partner
Open Prairie Rural Opportunities Fund,
L.P.

Darlene Nicosia^{2,4}
President, Canada and Northeast U.S.,
North America Operating Unit
The Coca-Cola Company

Steven Oakland^{1,3,5}
Chief Executive Officer and President
TreeHouse Foods, Inc.

Ulice Payne, Jr.^{1,2,5}
President
Cyber-Athletix, LLC;
President and Managing Member
Addison-Clifton, LLC

Kimberly K. Underhill^{1,4,5}
Senior Advisor
Boston Consulting Group

Tristan Walker^{3,5}
Founder and Chief Executive Officer
Walker and Company Brands, Inc.;
Managing Member,
Heirloom Management & Company, LLC

1 Member of Executive Committee

2 Member of Audit Committee

3 Member of Finance and Investment
Oversight Committee

4 Member of Human Capital and
Compensation Committee

5 Member of Nominating and Corporate
Responsibility Committee

EXECUTIVE LEADERSHIP

Richard A. Johnson
Chairman, President and
Chief Executive Officer

Andrew E. Page
Executive Vice President and
Chief Financial Officer

Franklin R. Bracken
Executive Vice President and
Chief Operating Officer

Sheilagh M. Clarke
Executive Vice President,
General Counsel and Secretary

Andrew Gray
Executive Vice President and
Chief Commercial Officer

W. Scott Martin
Executive Vice President,
Chief Strategy and
Corporate Development Officer

Elizabeth S. Norberg
Executive Vice President and
Chief Human Resources Officer

Samantha Lomow
President, Global Brands

Giovanna Cipriano
Senior Vice President and
Chief Accounting Officer

Todd Greener
Senior Vice President,
Supply Chain

Himanshu Parikh
Senior Vice President and
Chief Information Officer

CORPORATE LEADERSHIP

John A. Maurer
Vice President,
Treasurer

Robert Higginbotham
Vice President,
Investor Relations

Larisa Love
Vice President,
Taxation

Anthony D. Foti
Associate General Counsel
and Assistant Secretary

Paul W. Olson
Assistant Treasurer

DIVISIONAL LEADERSHIP

Susie Kuhn
President—EMEA and
General Manager—
Foot Locker Europe

Natalie Ellis
Vice President, General Manager,
Foot Locker Asia Pacific

Jill Feldman
Vice President, General Manager,
Kids Foot Locker

Guy M. Harkless
Senior Vice President, General
Manager, Champs Sports and Eastbay

Hommyo Hidefumi
Chief Executive Officer and Chief
Creative Officer, atmos Global

Bryon Milburn
Senior Vice President, General
Manager, Foot Locker and
Kids Foot Locker

Rick Mina
President, WSS

Tomas Petersson
General Manager,
Vice President, atmos Global

CORPORATE INFORMATION

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(212) 720-3700

Worldwide Website
Our website at www.footlocker-inc.com
offers information about our Company,
including our SEC filings, press
releases, and corporate governance
documents.

Transfer Agent and Registrar
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(201) 680-6578 Outside U.S. and Canada
(800) 952-9245 Hearing Impaired - TTY Phone
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Louisville, Kentucky 40202

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Accounting Firm**
KPMG LLP
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New York, New York 10154
(212) 758-9700

Dividend Reinvestment
Dividends on Foot Locker, Inc.
common stock may be reinvested
through participation in the Dividend
Reinvestment Program. Participating
shareholders may also make optional
cash purchases of Foot Locker, Inc.
common stock. Please contact our
Transfer Agent.

Service Marks and Trademarks
The service marks and trademarks
Foot Locker, Lady Foot Locker,
Kids Foot Locker, Champs Sports,
Sidestep, WSS, atmos, and Eastbay
are owned by Foot Locker, Inc.
or its affiliates.

Investor Information
Investor inquiries should be directed to
the Investor Relations Department at
(212) 720-4600.



FOOT LOCKER, INC.

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