

THIRD QUARTER 2023 // November 21, 2023

CALERES

EST ♦ 1878

Safe Harbor

UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This presentation contains certain forward-looking statements and expectations regarding the company's future performance and the performance of its brands. Such statements are subject to various risks and uncertainties that could cause actual results to differ materially. These risks include (i) changing consumer demands, which may be influenced by general economic conditions and other factors; (ii) inflationary pressures (iii) supply chain disruptions (iv) rapidly changing consumer preferences and purchasing patterns and fashion trends; (v) customer concentration and increased consolidation in the retail industry; (vi) intense competition within the footwear industry; (vii) foreign currency fluctuations; (viii) political and economic conditions or other threats to the continued and uninterrupted flow of inventory from China and other countries, where the company relies heavily on third-party manufacturing facilities for a significant amount of its inventory; (ix) cybersecurity threats or other major disruption to the company's information technology systems; (x) the ability to accurately forecast sales and manage inventory levels; (xi) a disruption in the company's distribution centers; (xii) the ability to recruit and retain senior management and other key associates; (xiii) the ability to secure/exit leases on favorable terms; (xiv) the ability to maintain relationships with current suppliers; (xv) transitional challenges with acquisitions and divestitures; (xvi) changes to tax laws, policies and treaties; (xvii) our commitments and shareholder expectations related to environmental, social and governance considerations; (xviii) compliance with applicable laws and standards with respect to labor, trade and product safety issues; and (xix) the ability to attract, retain, and maintain good relationships with licensors and protect our intellectual property rights.

The company's reports to the Securities and Exchange Commission contain detailed information relating to such factors, including, without limitation, the information under the caption Risk Factors in Item 1A of the company's Annual Report on Form 10-K for the year ended January 28, 2023, which information is incorporated by reference herein and updated by the company's Quarterly Reports on Form 10-Q. The company does not undertake any obligation or plan to update these forward-looking statements, even though its situation may change.



ALLEN¹⁹²²
EDMONDS
PORT WASHINGTON



NAT
UR
ALIZ



FAMOUS
footwear



VERONICA BEARD



VINCE.



Blowfish
MALIBU



Dr. Scholl's
SHOES



francoSarto



LifeStride




rykō



VIONIC



Sam Edelman



CALERES IS UNIQUELY POSITIONED TO DRIVE LONG-TERM SHAREHOLDER VALUE

Merchant driven organization with powerful brand assets

Exceptional capabilities in sourcing & logistics, digital, marketing and analytics, and technology

Unique and synergistic structure

Passionate and ambitious team in a value-driving culture

Strong financial foundation with increased financial flexibility

Structural transformation has resulted in a higher annual baseline level of earnings of more than \$4.00 per share

Clear and actionable three-year growth plan

THREE-YEAR PLAN TARGETS*

3% - 5%

Revenue Growth CAGR

11% - 13%

EPS Growth CAGR

Low-to-Mid

teens

Annual TSR Target

*3-year plan targets as of 10/5/23

CALERES IN BRIEF-3Q23

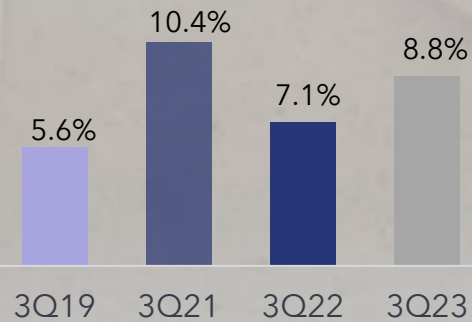
SALES

in millions of \$

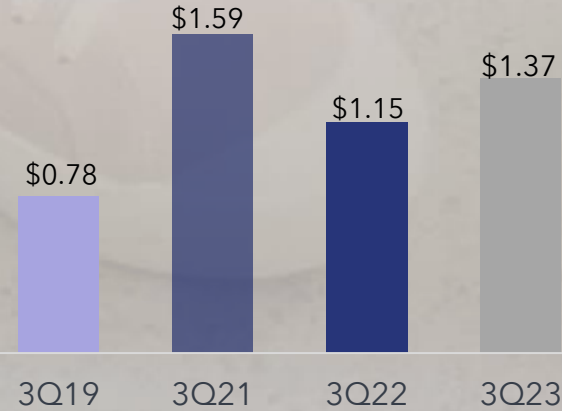


ADJUSTED OPERATING MARGIN

% of net sales

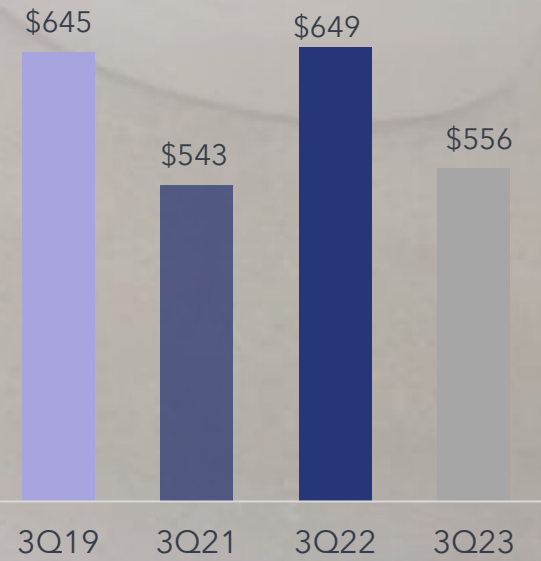


ADJUSTED EARNINGS PER SHARE



INVENTORY

in millions of \$



Third Quarter 2023 Accomplishments

GROSS MARGIN

44.7%

Includes record 3Q gross margin at Brand Portfolio

ADJUSTED EBITDA

\$81MM

10.6% of net sales

ADJUSTED EPS

\$1.37

Exceeding top end of guidance range and 19 percent higher than 3Q22

DEBT REDUCTION

\$22MM

Decline in borrowings under the revolving credit facility vs. 2Q23, and \$142.5 million vs. 3Q22

INVENTORY

-14.4%

vs. 3Q22, including a 27% decline in Brand Portfolio and 2% decline in Famous

CASH FLOW

\$32MM

Generated from operations



CALERES UPDATES FULL YEAR 2023 OUTLOOK

Consolidated sales down 4.5% to 5.5%
(including the 53rd week)

Diluted earnings per share of \$3.96 to \$4.06

Adjusted diluted earnings per share of \$4.10 to \$4.20

Consolidated operating margin of 7.3% to 7.5%

Interest expense of about \$18 million

Effective tax rate of about 25%

Weighted average shares outstanding of 34.3 million

Capital expenditures of about \$50 million



Brand Portfolio 3Q23 Accomplishments

SALES

~\$321MM

Down 0.8%,
Sequential improvement
Gained market share in
Women's Fashion Footwear

GROSS MARGIN

43.7%

Up 580-basis vs.
3Q22

ADJUSTED OPERATING EARNINGS

\$39MM

Record 3Q
performance

ADJUSTED OPERATING MARGIN

12.2%

Up 530-bps vs. 3Q22
Record 3Q performance



Famous Footwear 3Q23 Accomplishments

SALES

~\$450MM

Down 6.7% vs. 3Q22,
Gained market share in
shoe chains

GROSS MARGIN

44.2%

down 50 bps vs.
3Q22

ADJUSTED OPERATING MARGIN

~11%

down 190 bps

KIDS BUSINESS

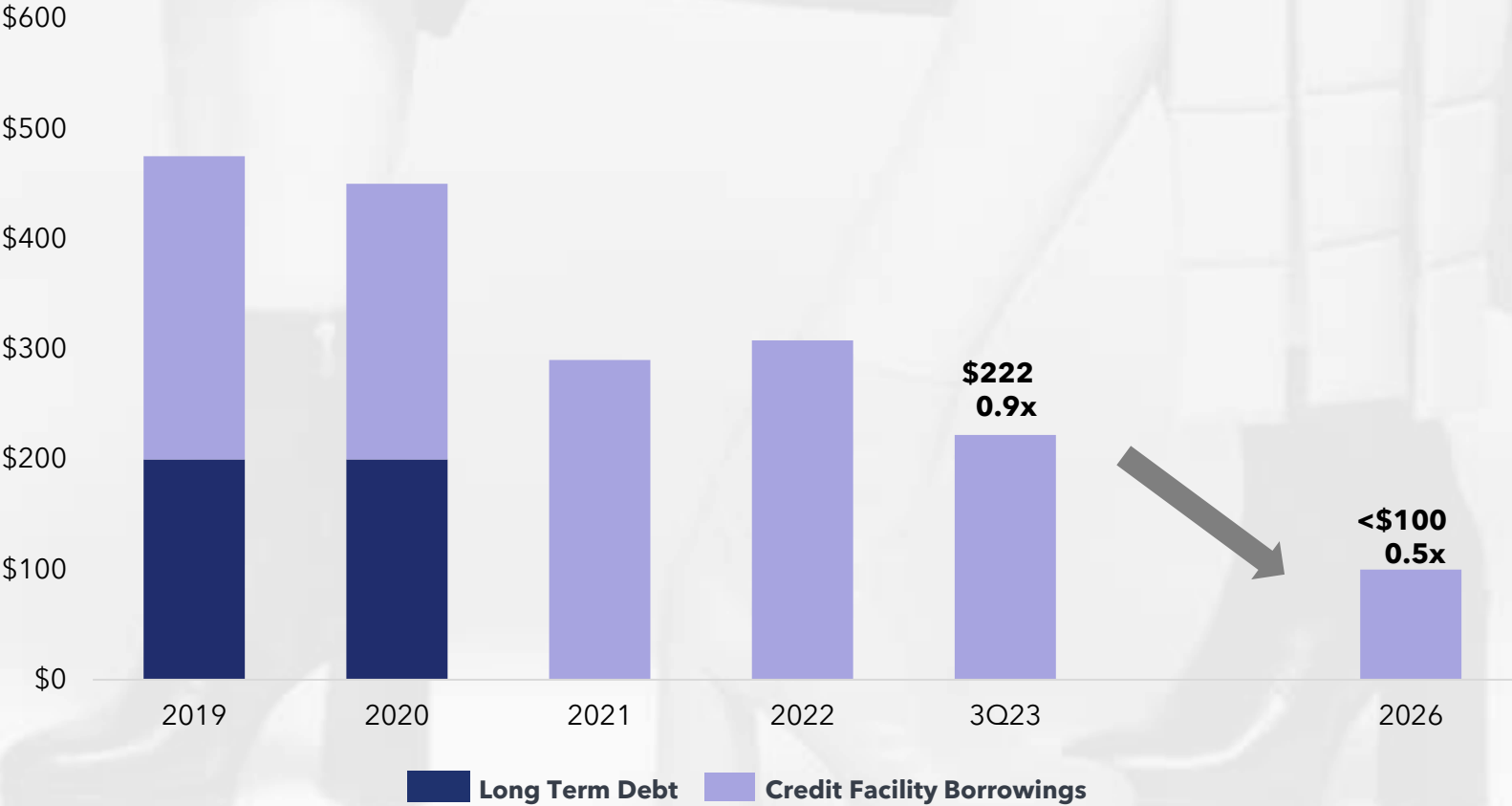
+4%

Significantly outpaced
total business and grew
market share in shoe
chains

Caleres has made significant progress on reducing its overall debt level in recent years

CALERES DEBT PROFILE

in millions of dollars



THREE-YEAR PLAN TARGETS

< \$100M
in total debt

< 0.5x
Debt / EBITDA
Ratio

Caleres constantly evaluates the most value-enhancing avenue for its free cash flow



Invest for Organic Growth

Make targeted investments in brands and capabilities with the greatest opportunity for profitable growth

Pay Dividend

Continue to fund our long-standing dividend

Debt Reduction

Reduce debt to below \$100M

Share Repurchases

Opportunistically repurchase shares

M&A

Consider opportunistic M&A in white spaces (Men's, Gen Z and International)

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Appendix

GAAP to Non-GAAP Reconciliation

SCHEDULE 4

CALERES, INC. RECONCILIATION OF NET EARNINGS (LOSS) AND DILUTED EARNINGS PER SHARE (GAAP BASIS) TO ADJUSTED NET EARNINGS AND ADJUSTED DILUTED EARNINGS PER SHARE (NON-GAAP BASIS)

	(Unaudited)					
	Thirteen Weeks Ended					
	October 28, 2023			October 29, 2022		
	Pre-Tax Impact of Charges/Other Items	Net Earnings Attributable to Caleres, Inc.	Diluted Earnings Per Share	Pre-Tax Impact of Charges/Other Items	Net Earnings Attributable to Caleres, Inc.	Diluted Earnings Per Share
GAAP earnings		\$ 46,914	\$ 1.32		\$ 39,246	\$ 1.08
<u>Charges/other items:</u>						
Expense reduction initiatives	\$ 2,304	1,710	0.05	\$ —	—	—
Organizational changes	—	—	—	2,910	2,723	0.07
Total charges/other items	\$ 2,304	\$ 1,710	\$ 0.05	\$ 2,910	\$ 2,723	\$ 0.07
Adjusted earnings		\$ 48,624	\$ 1.37		\$ 41,969	\$ 1.15

(\$ thousands, except per share data)

	Thirty-Nine Weeks Ended					
	October 28, 2023			October 29, 2022		
	Pre-Tax Impact of Charges/Other Items	Net Earnings Attributable to Caleres, Inc.	Diluted Earnings Per Share	Pre-Tax Impact of Charges/Other Items	Net Earnings Attributable to Caleres, Inc.	Diluted Earnings Per Share
GAAP earnings		\$ 115,584	\$ 3.23		\$ 140,933	\$ 3.79
<u>Charges/other items:</u>						
Expense reduction initiatives	\$ 3,951	2,934	0.08	\$ —	—	\$ —
Organizational changes	—	—	—	2,910	2,723	0.07
Total charges/other items	\$ 3,951	\$ 2,934	\$ 0.08	\$ 2,910	\$ 2,723	\$ 0.07
Adjusted earnings		\$ 118,518	\$ 3.31		\$ 143,656	\$ 3.86

(\$ thousands, except per share data)

	(Unaudited)			
	Trailing Twelve Months Ended			
	October 28, 2023		October 29, 2022	
	Pre-Tax Impact of Charges/Other Items	Net Earnings (Loss) Attributable to Caleres, Inc.	Pre-Tax Impact of Charges/Other Items	Net Earnings Attributable to Caleres, Inc.
GAAP earnings		\$ 156,393		\$ 174,787
<u>Charges/other items:</u>				
Expense reduction initiatives	\$ 3,951	2,934	\$ —	—
Deferred tax valuation allowance adjustments	—	(17,374)	—	746
Organizational changes	—	—	2,910	2,723
Loss on early extinguishment of debt	—	—	362	268
Total charges/other items	\$ 3,951	\$ (14,440)	\$ 3,272	\$ 3,737
Adjusted earnings		\$ 141,953		\$ 178,524

(\$ thousands)

GAAP to Non-GAAP Reconciliation

SCHEDULE 5

CALERES, INC. SUMMARY FINANCIAL RESULTS BY SEGMENT

SUMMARY FINANCIAL RESULTS

	(Unaudited)							
	Thirteen Weeks Ended							
	Famous Footwear		Brand Portfolio		Eliminations and Other		Consolidated	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
(\$ thousands)								
Net sales	\$ 449,773	\$ 481,951	\$ 320,775	\$ 323,242	\$ (8,644)	\$ (6,935)	\$ 761,904	\$ 798,258
Gross profit	198,809	215,603	140,155	122,359	1,410	1,914	340,374	339,876
Gross margin	44.2 %	44.7 %	43.7 %	37.9 %	(16.3)%	(27.6)%	44.7 %	42.6 %
Operating earnings (loss)	46,600	59,267	38,211	22,304	(20,393)	(27,724)	64,418	53,847
Adjusted operating earnings (loss)	47,767	59,267	39,055	22,304	(20,100)	(24,814)	66,722	56,757
Operating margin	10.4 %	12.3 %	11.9 %	6.9 %	n/m %	n/m %	8.5 %	6.7 %
Adjusted operating earnings %	10.6 %	12.3 %	12.2 %	6.9 %	n/m %	n/m %	8.8 %	7.1 %
Comparable sales % (on a 13-week basis)	(6.9)%	(0.8)%	(2.0)%	26.0 %	— %	— %	— %	— %
Number of stores	862	876	96	89	—	—	958	965

n/m – Not meaningful

RECONCILIATION OF ADJUSTED RESULTS (NON-GAAP)

	(Unaudited)							
	Thirteen Weeks Ended							
	Famous Footwear		Brand Portfolio		Eliminations and Other		Consolidated	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
(\$ thousands)								
Operating earnings (loss)	\$ 46,600	\$ 59,267	\$ 38,211	\$ 22,304	\$ (20,393)	\$ (27,724)	\$ 64,418	\$ 53,847
Charges/Other Items:								
Expense reduction initiatives	1,167	—	844	—	293	—	2,304	—
Organizational changes	—	—	—	—	—	2,910	—	2,910
Total charges/other items	1,167	—	844	—	293	2,910	2,304	2,910
Adjusted operating earnings (loss)	\$ 47,767	\$ 59,267	\$ 39,055	\$ 22,304	\$ (20,100)	\$ (24,814)	\$ 66,722	\$ 56,757

SCHEDULE 5

CALERES, INC. SUMMARY FINANCIAL RESULTS BY SEGMENT

SUMMARY FINANCIAL RESULTS

	(Unaudited)							
	Thirty-Nine Weeks Ended							
	Famous Footwear		Brand Portfolio		Eliminations and Other		Consolidated	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
(\$ thousands)								
Net sales	\$ 1,213,169	\$ 1,302,828	\$ 947,164	\$ 1,013,043	\$ (40,162)	\$ (44,167)	\$ 2,120,171	\$ 2,271,704
Gross profit	549,420	618,442	408,137	385,800	(328)	(557)	957,229	1,003,685
Gross profit rate	45.3 %	47.5 %	43.1 %	38.1 %	0.8 %	1.3 %	45.1 %	44.2 %
Operating earnings (loss)	104,286	171,451	107,708	93,063	(48,286)	(76,052)	163,708	188,462
Adjusted operating earnings (loss)	105,653	171,451	109,433	93,063	(47,427)	(73,142)	167,659	191,372
Operating earnings %	8.6 %	13.2 %	11.4 %	9.2 %	n/m %	n/m %	7.7 %	8.3 %
Adjusted operating earnings %	8.7 %	13.2 %	11.6 %	9.2 %	n/m %	n/m %	7.9 %	8.4 %
Comparable sales % (on a 39-week basis)	(6.5)%	(2.5)%	3.5 %	36.4 %	— %	— %	— %	— %
Number of stores	862	876	96	89	—	—	958	965

n/m – Not meaningful

RECONCILIATION OF ADJUSTED RESULTS (NON-GAAP)

	(Unaudited)							
	Thirty-Nine Weeks Ended							
	Famous Footwear		Brand Portfolio		Eliminations and Other		Consolidated	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
(\$ thousands)								
Operating earnings (loss)	\$ 104,286	\$ 171,451	\$ 107,708	\$ 93,063	\$ (48,286)	\$ (76,052)	\$ 163,708	\$ 188,462
Charges/Other Items:								
Expense reduction initiatives	1,367	—	1,725	—	859	—	3,951	—
Organizational changes	—	—	—	—	—	2,910	—	2,910
Total charges/other items	1,367	—	1,725	—	859	2,910	3,951	2,910
Adjusted operating earnings (loss)	\$ 105,653	\$ 171,451	\$ 109,433	\$ 93,063	\$ (47,427)	\$ (73,142)	\$ 167,659	\$ 191,372

GAAP to Non-GAAP Reconciliation

SCHEDULE 8

CALERES, INC.

CALCULATION OF EBITDA AND DEBT/EBITDA LEVERAGE RATIO (NON-GAAP METRICS)

(\$ thousands)	(Unaudited)	
	Thirteen Weeks Ended	
	October 28, 2023	October 29, 2022
EBITDA:		
Net earnings attributable to Caleres, Inc.	\$ 46,914	\$ 39,246
Income tax provision	14,467	13,849
Interest expense, net	4,488	4,003
Depreciation and amortization ⁽¹⁾	12,957	12,340
EBITDA	\$ 78,826	\$ 69,438
EBITDA margin	10.3 %	8.7 %
Adjusted EBITDA:		
Adjusted net earnings attributable to Caleres, Inc. ⁽²⁾	\$ 48,624	\$ 41,969
Income tax provision ⁽³⁾	15,061	14,036
Interest expense, net	4,488	4,003
Depreciation and amortization ⁽¹⁾	12,957	12,340
Adjusted EBITDA	\$ 81,130	\$ 72,348
Adjusted EBITDA margin	10.6 %	9.1 %

(\$ thousands)	(Unaudited)	
	October 28, 2023	October 29, 2022
Debt/EBITDA leverage ratio:		
Borrowings under revolving credit agreement ⁽⁴⁾	\$ 222,000	\$ 364,500
EBITDA (trailing twelve months)	249,345	295,632
Debt/EBITDA	0.9	1.2

- Includes depreciation and amortization of capitalized software and intangible assets.
- Refer to Schedule 4 for the consolidated reconciliation of net earnings attributable to Caleres, Inc. to adjusted net earnings attributable to Caleres, Inc.
- Excludes the income tax impacts of the adjustments on Schedule 4.
- Total availability under the revolving credit agreement was \$267.4 million and \$125.4 million as of October 28, 2023 and October 29, 2022, respectively. Total liquidity, which includes cash and cash equivalents and availability under the revolving credit agreement, was \$301.4 million and \$158.2 million for the respective periods.

GAAP to Non-GAAP Reconciliation

SCHEDULE 9

CALERES, INC.

RECONCILIATION OF DILUTED EARNINGS PER SHARE (GAAP BASIS) TO ADJUSTED DILUTED EARNINGS PER SHARE (NON-GAAP BASIS) – FISCAL 2023 GUIDANCE

	Fiscal 2023 Guidance	
	Low	High
GAAP diluted earnings per share	\$ 3.96	\$ 4.06
<u>Charges/other items:</u>		
Expense reduction initiatives	0.14	0.14
Adjusted diluted earnings per share	<u>\$ 4.10</u>	<u>\$ 4.20</u>