

First Quarter 2022 Earnings | May 24, 2022

Safe Harbor Statement

Under the private securities litigation reform act of 1995

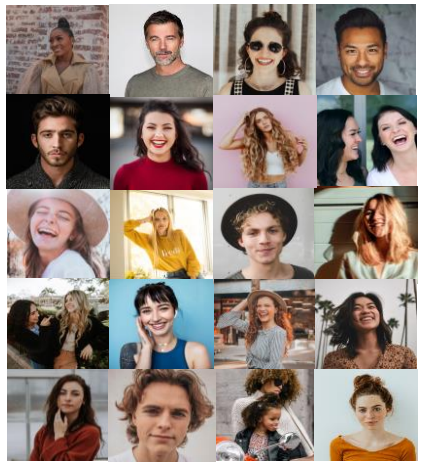
This slide presentation contains certain forward-looking statements and expectations regarding the company's future performance and the performance of its brands. Such statements are subject to various risks and uncertainties that could cause actual results to differ materially. These risks include (i) supply chain disruptions and inflationary pressures; (ii) the coronavirus pandemic and its adverse impact on our business operations and financial condition (iii) changing consumer demands, which may be influenced by general economic conditions and other factors; (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) compliance with applicable laws and standards with respect to labor, trade and product safety issues; and (xviii) 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 29, 2022, 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.

We are CALERES

★ 5 ★

We Are Customer Focused

We Put the Consumer at the Center of Everything We Do



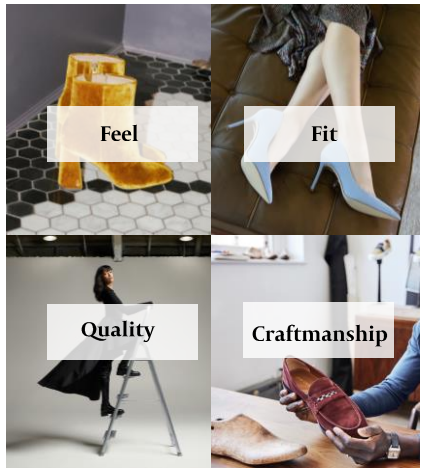
We Are Diversified & Relevant

We Have a Portfolio of Footwear Brands that are Authentic and Differentiated



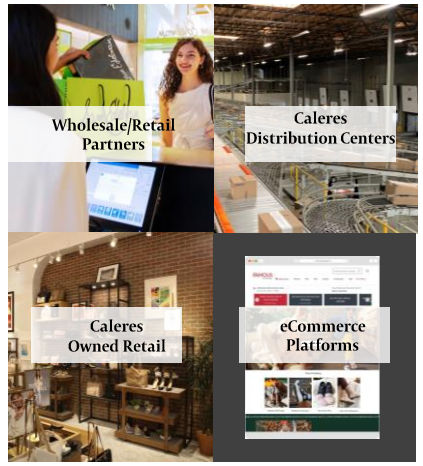
We Are Footwear Experts

We Have Unmatched Commitment to Continued Innovation



We Are Fulfillment Leaders

We Deliver Footwear Any Way You Want to Shop



Caleres in brief – fiscal first quarter 2022

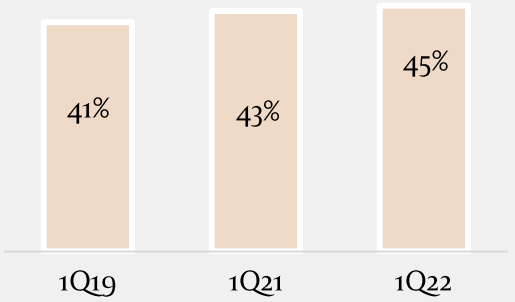
Revenue

in millions of dollars

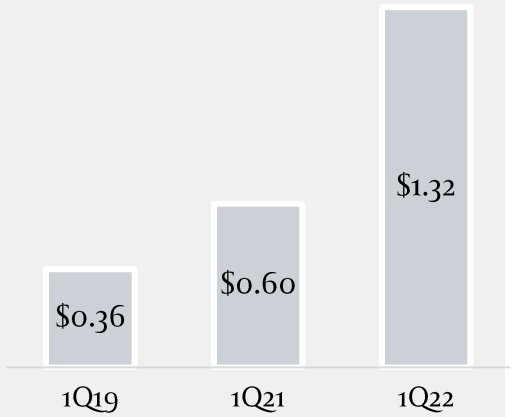


Gross Margin Rate

% of net sales

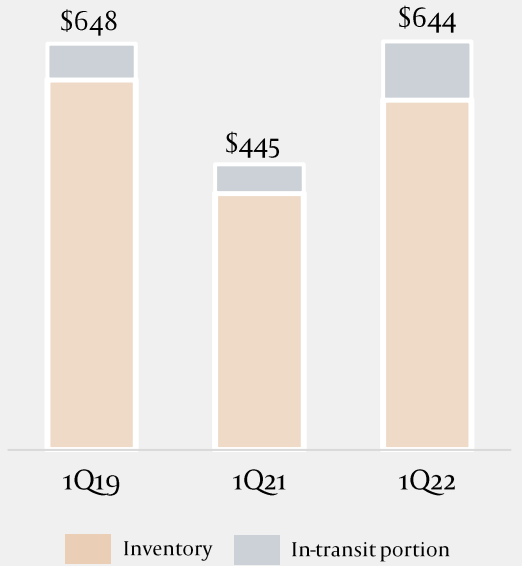


Adjusted Earnings per share



Inventory

in millions of dollars



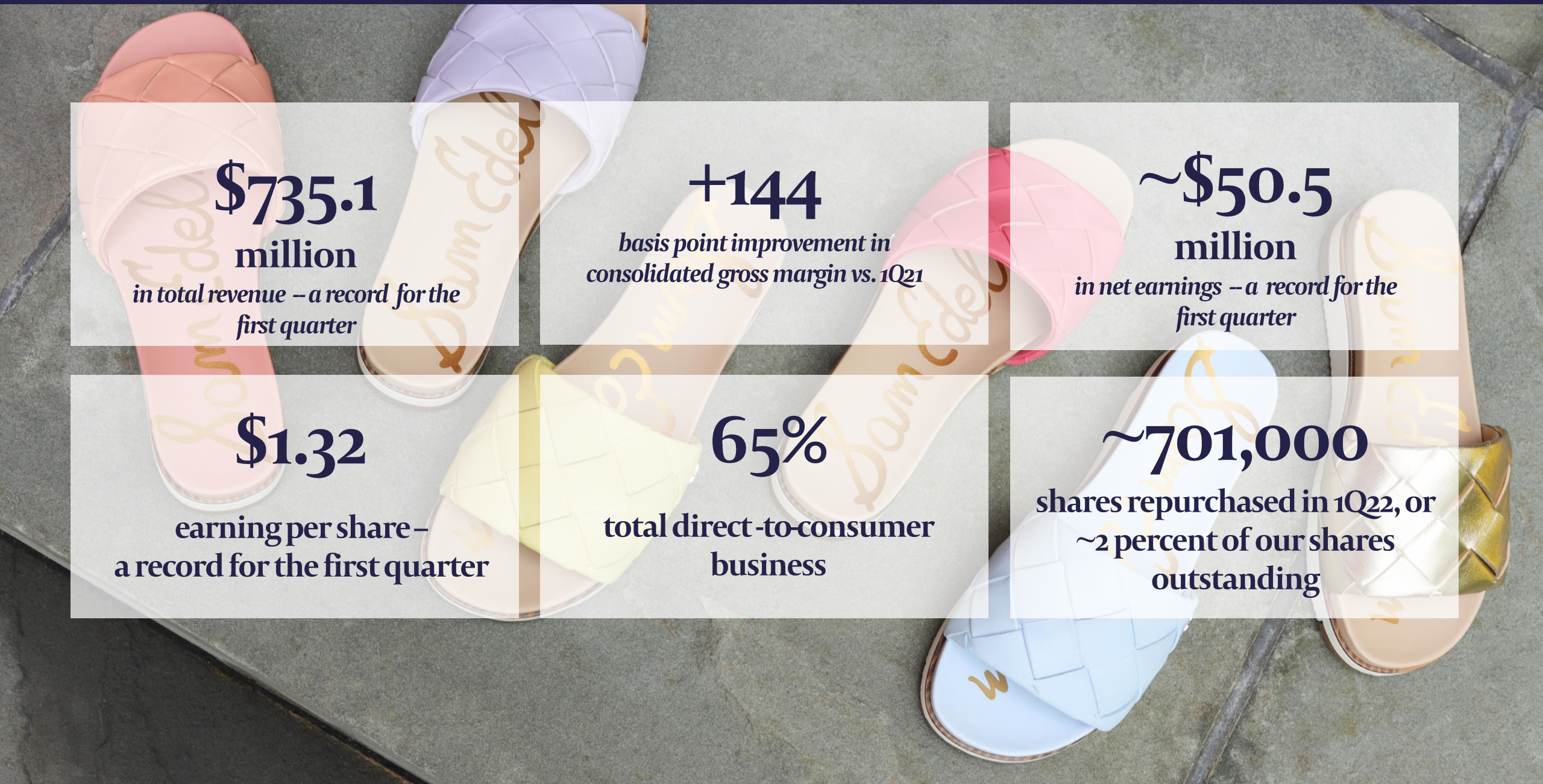
OUR PURPOSE

To inspire people to feel great…feet first.

OUR VISION

A dynamic and growing portfolio of authentic footwear brands built on deep consumer insights, generating unwavering loyalty and trust.

First Quarter 2022 Accomplishments



$735.1 million
in total revenue – a record for the first quarter

+144
basis point improvement in consolidated gross margin vs. 1Q21

~$50.5 million
in net earnings – a record for the first quarter

$1.32
earning per share – a record for the first quarter

65%
total direct-to-consumer business

~701,000
shares repurchased in 1Q22, or ~2 percent of our shares outstanding



Famous Footwear

Quarterly net sales of $384.5 million, representing a 3 percent decline over 1Q21

First quarter record gross margin of 49.2 percent, 405 basis points higher than 1Q21

Record first quarter operating earnings of $50 million, representing a 4 percent increase over 1Q21

13% return on sales, or 90 basis points higher than the prior-year period

Inventory up ~16 percent when compared to 1Q22 and down ~13 percent compared to 1Q19



Brand Portfolio

Quarterly net sales of $365.7 million, representing a 46 percent improvement over 1Q21 and including $50 million in shipments to refill wholesale partner inventory pipeline

First quarter record gross margin of 38.1 percent, 53 basis points higher than 1Q21

Record quarterly operating earnings of $41 million, representing a $44 million increase over 1Q21 and a $28 million increase over 1Q19

Strong performance driven by double-digit improvement from all brands across the portfolio with a couple of brands recording triple digit increases

Achieved a 23-percent increase in our direct-to-consumer business and included nearly 19-percent growth in the portfolio's owned ecommerce

Inventory increased 99 percent when compared to 1Q22, and approximately 15 percent higher than 1Q19



2022 Outlook

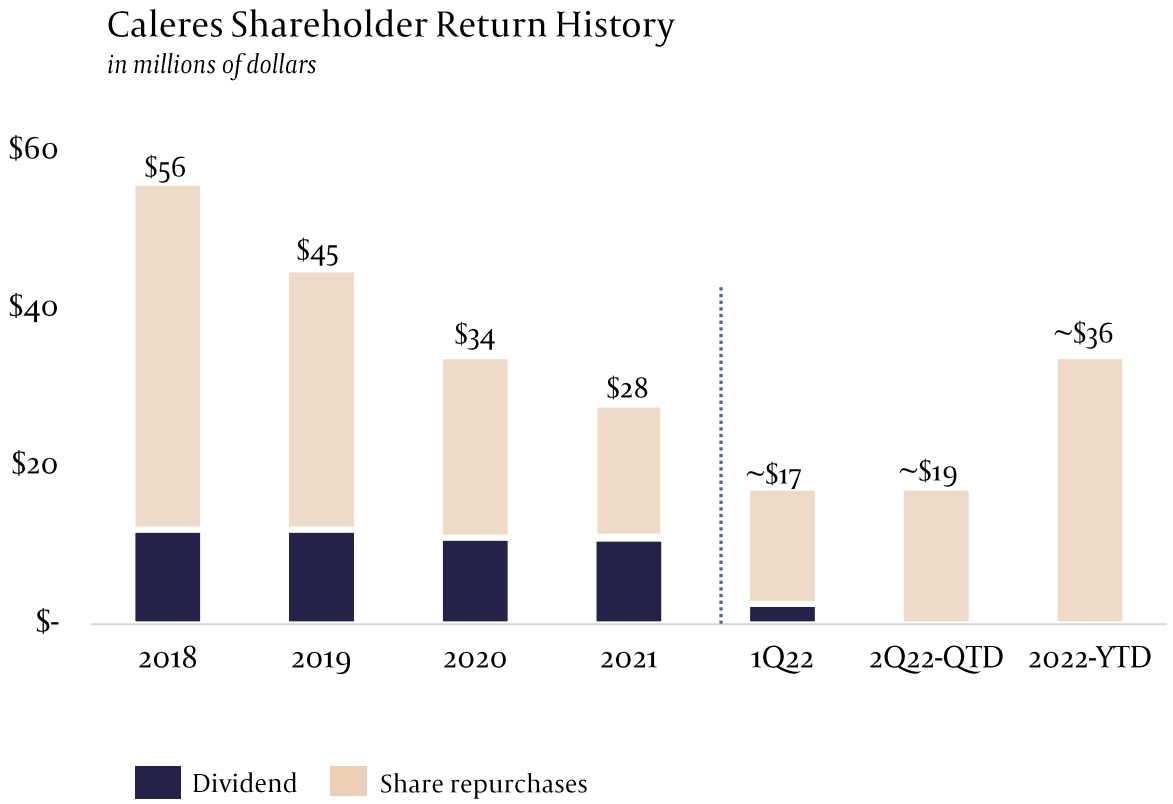
FY22 expectations

- ★ Consolidated sales, up two percent to five percent vs. fiscal 2021
- ★ Earnings per share of between $4.20 and $4.40

Quarterly considerations

- ★ We expect 2Q22 to be inline with 1Q22 levels

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



CAL is committed to a flexible approach to capital allocation including:

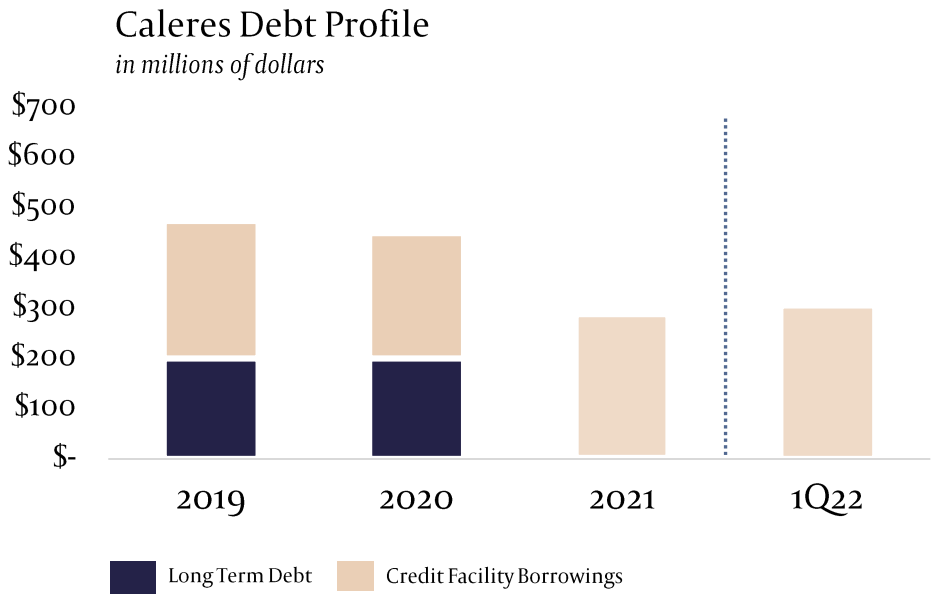
1. Returning cash to shareholders
2. Investing in organic growth
3. Funding strategic bolt-on or add in opportunities
4. Selective debt reduction

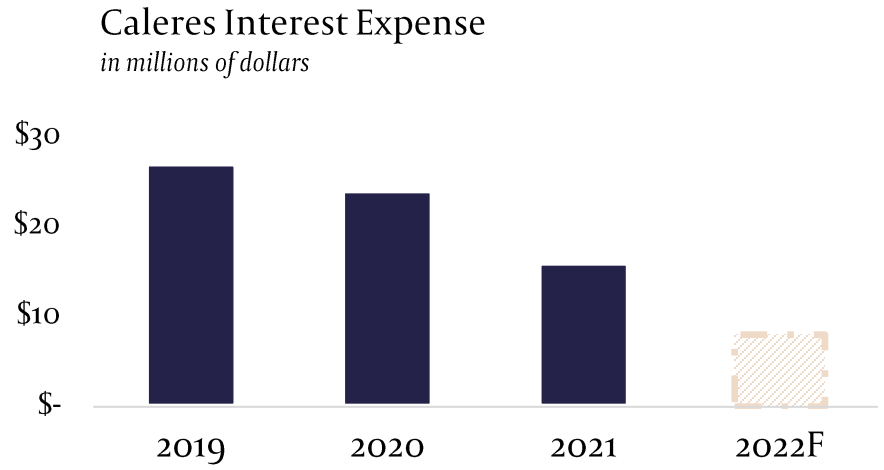
- ★ Caleres Board of Directors approved an incremental 7 million shares to the company's repurchase program in March
- ★ Year-to-date, CAL has repurchased 1.5 million shares – or 4% of the company's total share outstanding
- ★ Currently, approximately 7.5 million shares remains available under the current authorization
- ★ The company views the stock as an attractive investment option and expect to make ongoing purchases under the existing authorization during the remainder of 2022



Appendix

Caleres has significantly reduced and strategically repositioned its debt profile





No long-term debt and approximately $10 million in interest expense in 2022

Will utilize ABL for working capital requirements, as needed

Going forward, we will selectively reduce debt levels further driving toward the long-term goal of zero net debt



Why Invest Now?

We have clearly defined capital allocation strategy built around returning a significant percentage of free cash flow to shareholders

We believe that the Brand Portfolio is well-positioned to exceed our pre-pandemic earnings levels in 2022

We are targeting another strong earnings year for Famous Footwear

We are leveraging our customer file – a differentiating strategic asset – to strengthen our customer acquisition and retention to drive incremental omnichannel growth

We are sharply focused on expanding margins by increasing our direct-to-consumer sales, particularly through our owned websites

We will continue to manage our expenses and control the variables within our control to maintain our SG&A rate



Caleres Value Proposition

We leverage our powerful portfolio of trusted brands to generate strong and durable margins – enterprise-wide

We operate a large and successful direct-to-consumer business, which provides significant access and enables us to reach consumers when, where and how they want to shop

We generate significant amounts of free cash flow throughout the market cycle

We have knowledge of, expertise in and visibility across the entire footwear landscape

We are well-positioned to capitalize on market opportunities by leveraging our diversified portfolio of brands, well-developed retail network, well-capitalized digital presence, extensive consumer database and
enhanced operating capabilities

The Brand Portfolio is poised for a strong earnings performance in 2022













The Brand Portfolio is well positioned to exceed pre-pandemic earnings levels in 2022

Ongoing strong performances from Sam Edelman, Vionic and Blowfish and improving performances from Allen Edmonds, Naturalizer, and Dr. Scholl's will lead the rebound

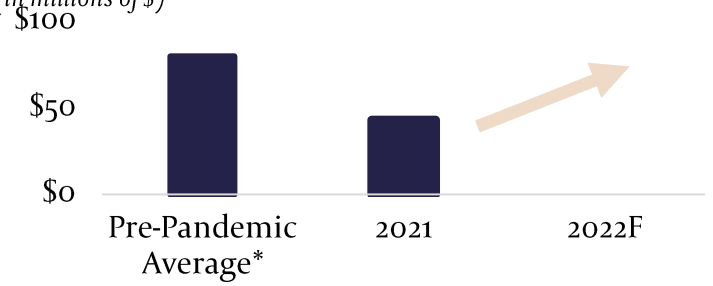
Diversified portfolio can pivot to meet evolving consumer trends

Aligning inventory with consumer demand

Digital acceleration through branded websites driving increased web traffic and conversion and higher AURs

Caleres Brand Portfolio Operating Earnings

(*in millions of $*)



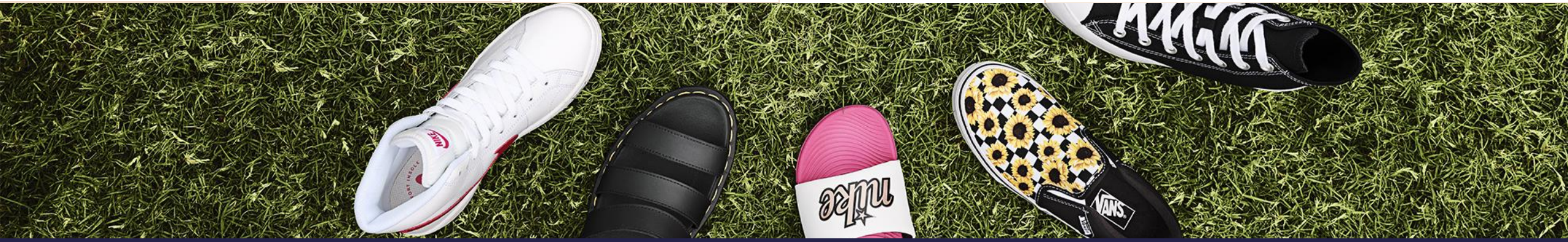
**average of Brand Portfolio earnings for 2016-2019*

We are targeting another strong earnings year for Famous Footwear



Famous Footwear 2022 Priorities

Distort big brands and explore new and emerging brands	Maintain inventory turn levels above historical averages	Continue full-price selling	Continued growth of FamousFootwear.com	Elevate consumer experience with new store prototype	Leverage nationwide store network



Famous is expected to achieve 2022 earnings in excess of historical levels

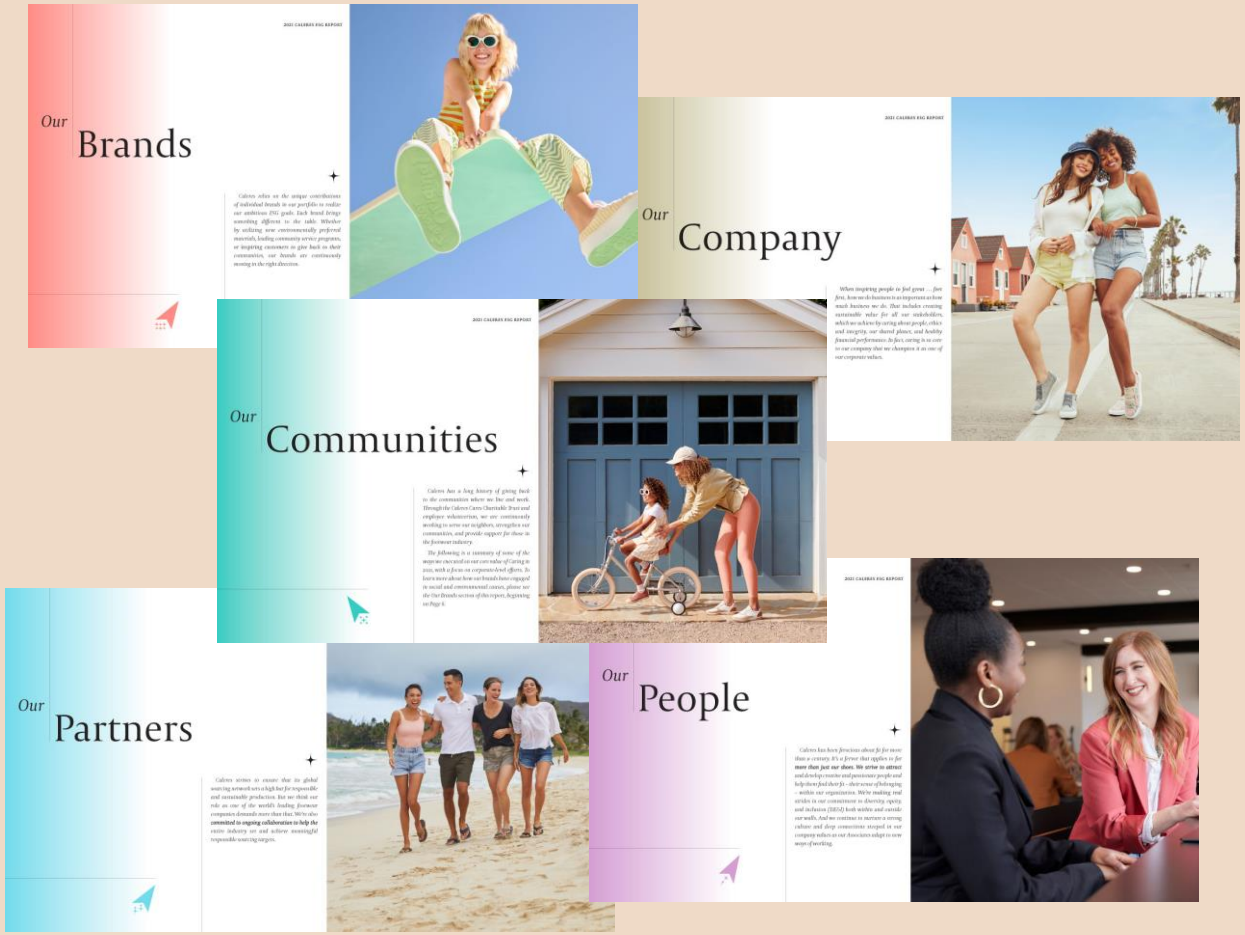
Over the long-term responsible companies are the most profitable companies

Across our portfolio of brands, we feel passionately that how we do business is as important as how much business we do

Published our second environmental, social and governmental (ESG) report in April 2022

We have made strong progress against our long-term goals and are well on our way to meeting those goals by 2025, and in some cases, before.+





Learn more about our 2025 ESG commitments and progress here