CALERES

EST ✦ 1878

First Quarter 2023

June 1, 2023



Safe Harbor Statement

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) inflationary pressures; (ii) supply chain disruptions (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) 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.



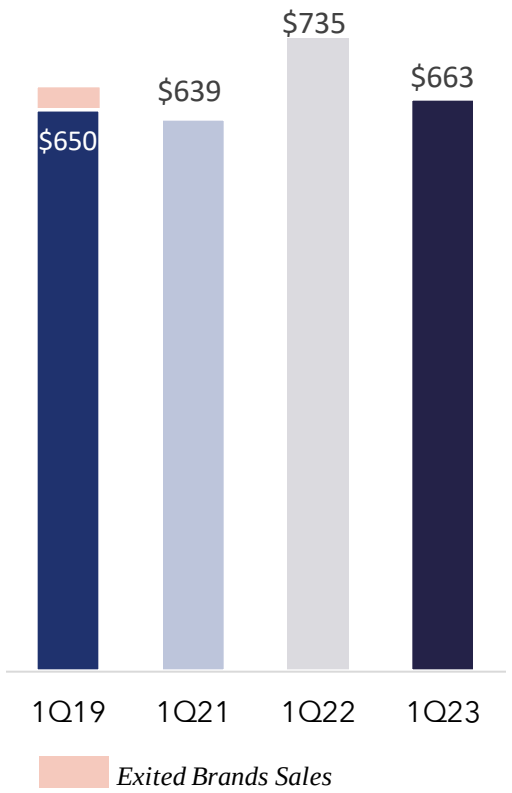
Caleres is uniquely positioned to win in any market environment

- Delivered first quarter earnings per share at upper end of guidance, due to record first quarter contribution from Brand Portfolio and despite a challenging operating environment at Famous Footwear
- Powerful portfolio of diversified brands positioned to gain market share
- Well-managed and improved inventory position
- Superior capabilities: design, marketing, digital, retail, sourcing and logistics
- Strong balance sheet with plans to continue to reduce debt and enhance liquidity
- Structural changes have resulted in a higher annual baseline level of earnings in excess of $4.00 per share

Caleres in Brief – First Quarter 2023

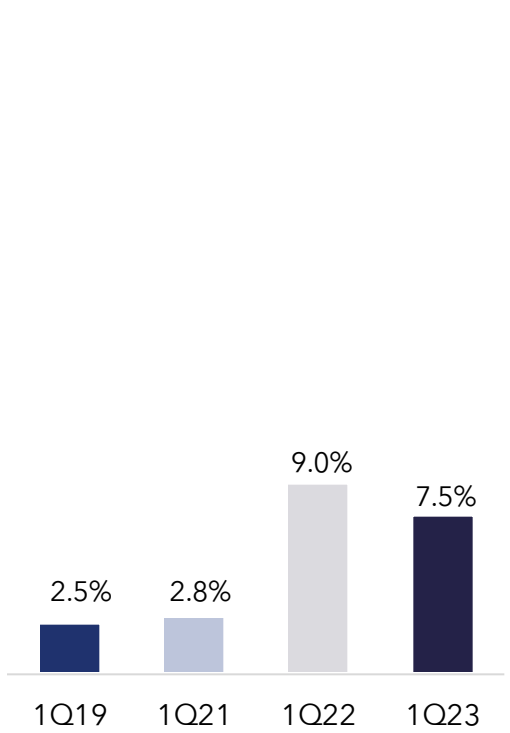
SALES

in millions of $



OPERATING MARGIN

% of net sales

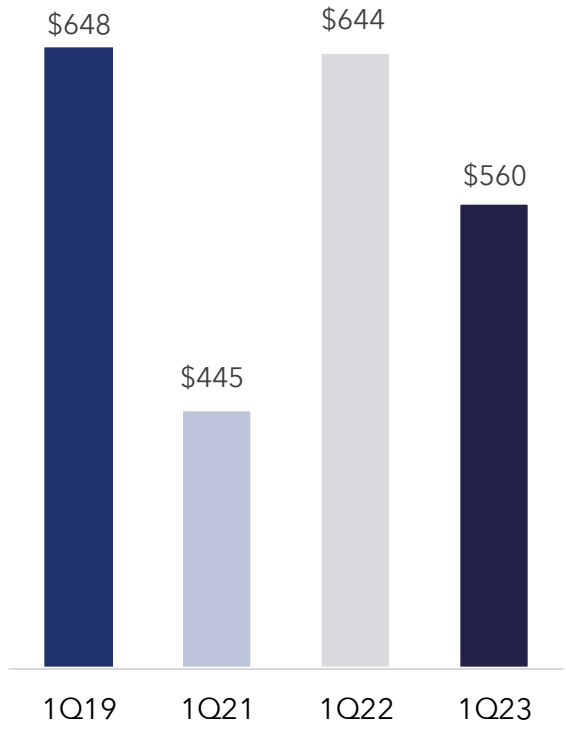


EARNINGS PER SHARE



INVENTORY

in millions of $



First Quarter 2023 Accomplishments

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GROSS MARGIN

45.7%

120 basis points higher than 1Q22, representing a first quarter record

EBITDA

$63.7

million, or 9.6% of net sales

INVENTORY

-13.1%

vs. 1Q22

DEBT REDUCTION

$16.0

million decline in borrowings under the revolving credit facility vs. year-end FY22

DTC BUSINESS

8.2%

Increase in Brand Portfolio's DTC business vs. 1Q22

MARKET SHARE

>6.0%

Brand Portfolio + Famous Footwear Percentage of Total Footwear Market Sales

Source: Circana



Fiscal 2023 Outlook

- Consolidated sales down 3 percent to 5 percent vs. fiscal 2022, including the 53rd week
- Diluted earnings per share of $4.02 to $4.22
- Adjusted diluted earnings per share of $4.10 to $4.30
- Consolidated operating margin of 7.3 percent to 7.5 percent
- Full year interest expense of $17 million to $19 million
- Effective tax rate of about 25 percent
- Full year capital expenditures of $55 million to $65 million



Second Quarter 2023 Outlook

- Consolidated net sales down 4 percent to 5 percent, compared to second quarter 2022
- Diluted earnings per share of $0.79 to $0.84
- Adjusted diluted earnings per share of $0.87 to $0.92

Cost Savings Initiatives



~$20 MILLION

IN-YEAR SG&A SAVINGS



~$10 MILLION

BETTER-THAN-EXPECTED FREIGHT SAVINGS

- Caleres has taken steps to reduce expenses across the organization
- Actions include the elimination of open corporate positions, reduction in indirect procurement expense, realizing additional Brand Portfolio synergies, and lowering depreciation expense
- In addition, the company anticipates better-than-expected freight savings
- Caleres anticipates a one-time cash charge of approximately $4 million in the second quarter of 2023 associated with these actions
- Actions taken while preserving investments in areas of strategic priority that accelerate growth

Caleres Capabilities

DESIGN & INNOVATION

EDIT TO WIN

DIGITAL

ANALYTICS

MARKETING

SOURCING & LOGISTICS

CALERES

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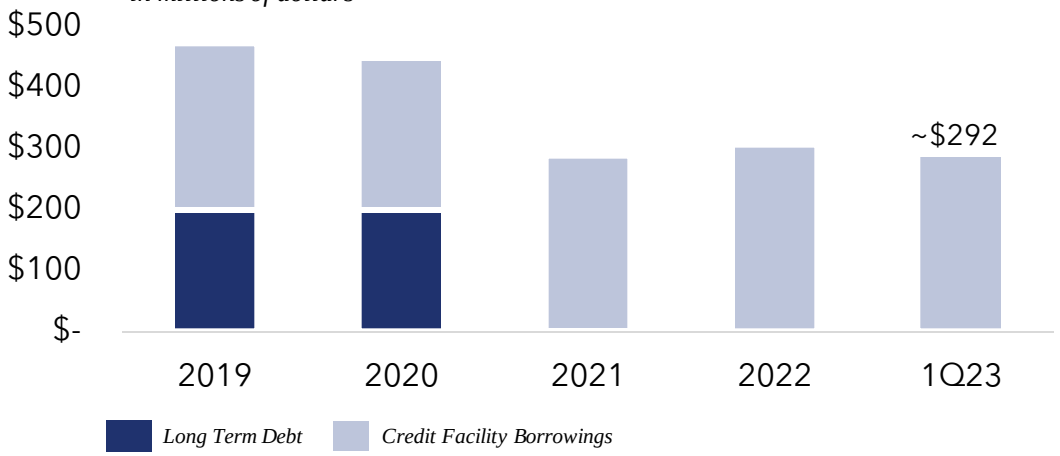
Appendix



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

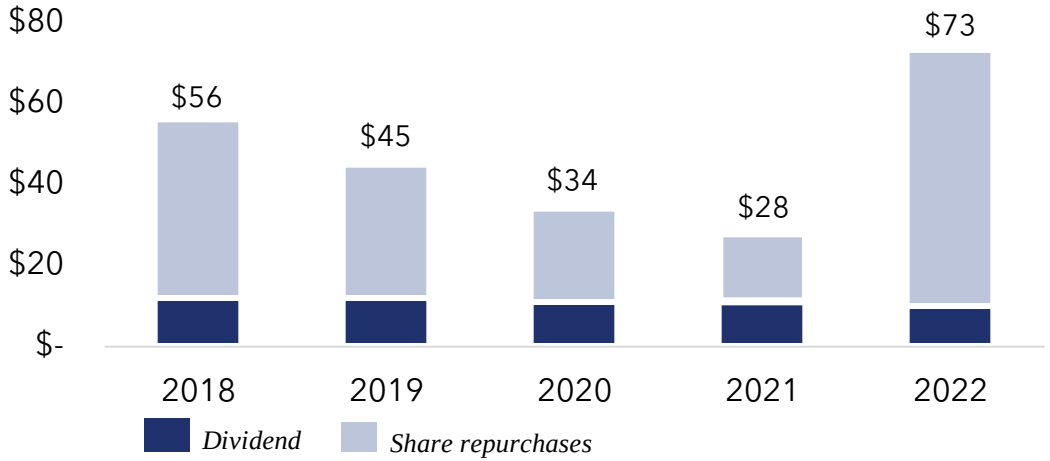
CALERES DEBT PROFILE

in millions of dollars



CALERES SHAREHOLDER RETURN HISTORY

in millions of dollars



CAL IS COMMITTED TO A FLEXIBLE APPROACH TO CAPITAL ALLOCATION INCLUDING:

- Investing in organic growth
- Selective debt reduction
- Returning cash to shareholders
- Funding strategic bolt-on or add in opportunities

CAL believes, in this current environment, the best use of free cash flow, after maintaining the dividend, is to reduce its overall debt level to below 1.0x on a Debt/EBITDA basis and increase overall liquidity

On a trailing twelve-month basis, Caleres ended the first quarter with a Debt/EBITDA ratio of 1.1x and anticipates getting below 1.0x in third quarter 2023

6.4 million shares remain under the current authorization, and future share repurchases will be based on market conditions



Brand Portfolio Strength

~$43 MILLION

Record First Quarter Operating Earnings

13 PERCENT

Record Operating Margin

$326 MILLION

First Quarter Sales

27 PERCENT

Lead Brand 1Q23 Sales Penetration of Total CAL



Famous Footwear Strategy and Action

Win With Kids Intense Focus on BTS

Right Size Expense Structure

Gain Wallet Share with Millennial Family

Investing in Capabilities that Fuel Growth

GAAP to Non-GAAP Reconciliation

SCHEDULE 7

CALERES, INC.
RECONCILIATION OF DILUTED EARNINGS PER SHARE (GAAP BASIS) TO ADJUSTED DILUTED EARNINGS PER SHARE (NON-GAAP BASIS) – SECOND QUARTER AND FISCAL 2023 GUIDANCE

	(Unaudited)			
	Second Quarter 2023 Guidance		Fiscal 2023 Guidance	
	Low	High	Low	High
GAAP diluted earnings per share	$ 0.79	$ 0.84	$ 4.02	$ 4.22
Charges/other items:				
Expense reduction initiatives	0.08	0.08	0.08	0.08
Adjusted diluted earnings per share	$ 0.87	$ 0.92	$ 4.10	$ 4.30