



Caleres, Inc.

Fourth Quarter 2025 Earnings Call

March 19, 2026

C O R P O R A T E P A R T I C I P A N T S

Liz Dunn, Senior Vice President, Corporate Development and Strategic Communications

Jay Schmidt, President and Chief Executive Officer

Dan Karpel, Senior Vice President, Interim Chief Financial Officer and Chief Accounting Officer

C O N F E R E N C E C A L L P A R T I C I P A N T S

Ashley Owens, KeyBanc Capital Markets

Dana Telsey, Telsey Advisory Group

Mitch Kummetz, Seaport Research Partners

PRESENTATION

Operator

Greetings, and welcome to the Caleres, Inc. Fourth Quarter 2025 Earnings Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

I would now like to turn the call over to your host Liz Dunn, Senior Vice President, Corporate Development and Strategic Communications. Thank you. You may begin.

Liz Dunn

Thank you, Melissa.

Good morning. Thank you for joining our fourth quarter earnings call and webcast. A press release with detailed financial tables, as well as our quarterly slide presentation, are available at caleres.com.

Please be aware today's discussion contains forward-looking statements, which are subject to several risks and uncertainties. Actual results may differ materially due to various risk factors, including those disclosed in the Company's Form 10-K and other filings with the U.S. Securities and Exchange Commission. Please refer to today's press release and our SEC filings for more information on risk factors and other factors which could impact forward-looking statements. Copies of these reports are available online. In discussing our operational results, we will be providing and referring to adjusted operating earnings results, and in some cases, we will be discussing our results excluding the impact of Stuart Weitzman. Additional details on non-GAAP measures, as well as others featured in today's earnings release and presentation, are available in the reconciliation tables on our earnings release and on caleres.com. The Company undertakes no obligation to update any information discussed on this call at any time.

Joining me today are Jay Schmidt, President and CEO, and Dan Karpel, Senior Vice President and Interim CFO and CAO. Our call will begin with prepared remarks, followed by a Q&A session to address any questions you have.

With that, I'll turn the call over to Jay. Jay?

Jay Schmidt

Good morning.

Earlier today, Caleres reported fourth quarter sales and earnings. Earnings per share exceeded our guidance, with sales modestly above our guidance and gross margin better than expectations. Brand Portfolio's sales performance in the quarter was driven by continued strength in owned eCommerce and international performance, underscoring key strategic growth factors for the Company. Lead brands once again outperformed, reinforcing their role as Caleres' primary growth engine, and we once again gained market share.

At Famous Footwear, we continue to see encouraging signs that our strategic initiatives are working. Our FLAIR remodels are consistently outperforming the fleet and remain an important growth lever as we elevate the in-store experience. We lean further into our strategy to elevate and edit the brand and product assortment, and we're seeing consumers respond to a curated mix of premium and demanded brands. And for the quarter, we gained market share in shoe chains.

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We were pleased that Caleres ended 2025 with some momentum in both segments of our business. 2026 will be a build-back year where we begin to build back our earnings power driven by the strategic growth factors and initiatives that are already in place and working. We'll say more on that in a moment, but first, let me provide more detail on fourth quarter performance.

Brand Portfolio sales on an organic basis increased 1.5% in the quarter and 20.3% when factoring in Stuart Weitzman. Lead brands in total were up 2% organically and represented nearly 60% of the Brand Portfolio sales. Owned eCommerce continued to see outsized growth and our international business was strong.

According to Circana, our Brand Portfolio gained significant market share in both women's fashion footwear and total footwear during the quarter. Boots, particularly tall shaft, were a standout category complemented by strength in flats and loafers, solid performance in dress, and continued momentum in sneakers.

Sam Edelman delivered another very strong quarter with sales growth that exceeded expectations and outperformed the broader premium market. Performance was broad-based across categories anchored by exceptional results in dress, casuals, and boots where the brand saw success in both proven icons and new styles. Wholesale sales exceeded plan, reflecting strong demand across core product franchises. Owned eCommerce saw double-digit growth and higher full-price selling in the quarter, closing out a record-setting year. Sam Edelman's licensing initiatives added incremental growth and visibility highlighted by a successful fragrance launch with rapid sell-through and expanded national distribution. We continue seeing positive results from our Sam Edelman stores, which now tally 111 doors, 56 owned, and 55 franchised, with 107 of them international.

Stuart Weitzman delivered solid fourth-quarter progress as we continue strengthening the foundation of Caleres' newest lead brand. We successfully integrated Stuart Weitzman onto Caleres platforms as we completed the quarter, both on time and on budget. During this transition process, we implemented a new organization structure, moved teams into new headquarters in New York and Shanghai, completed the relocation of our U.S. and Canadian warehouses, and liquidated a significant volume of aged inventory globally.

Operationally, fourth-quarter sales were driven by core boots and booties alongside new dress and social styles. As we clear out aged inventory, we are successfully reducing discounting and flowing newness to support improved specialty retail and eCommerce performance. At quarter end, Stuart operated 73 retail locations worldwide, including 50 in China and 23 in North America, with the latter spanning full-price, outlet, and shop-in-shop formats. We remain committed and confident in our plan to bring the brand to break even in 2026.

Allen Edmonds delivered a very strong fourth quarter with broad-based growth across all channels and continued momentum with the consumer. Performance was led by strength in brick-and-mortar stores, owned eCommerce, and wholesale, with particularly strong demand for dress, loafers, sneakers, and boots. Wholesale momentum, driven by key national partners, strong store-level productivity, and expanded distribution continued. The Reserve Collection, the most elevated product in the Allen Edmonds brand, continued to scale meaningfully, attracting a highly valuable customer who shops more frequently, spends more annually, and shows higher loyalty engagement. This special collection is available at the majority of our 58 Allen Edmonds stores, including our 18 Port Washington Studio stores, which continue to outperform, reflecting the power of an elevated store experience and recent enhancements to the format.

Naturalizer made meaningful progress in the fourth quarter, with improving eCommerce sales momentum and new and retained customer growth. Owned eCommerce performance was a standout, supported by strength across on-trend product categories, including boots, dress, sport, and sandals, with particular success in tall boots. Marketing efforts were increasingly focused and effective, with refined targeting, strong influencer content, and compelling storytelling, driving higher quality traffic, higher conversion, and higher average order value. These efforts translated into customer growth across both new and returning shoppers, with strong engagement from younger and core generations.

Shortly after quarter end, we launched our newest collaboration with tastemaker and style icon June Ambrose. June's collaboration is building awareness for the Naturalizer brand with new consumers, and June's STYLE-LETICS collection sells at significantly higher retails, mostly through naturalizer.com.

Vionic closed the fourth quarter with strength in eCommerce and international channels, compelling new product launches, and growing interest in sport and performance walking. Vionic's wearable well-being positioning has high emotional resonance with consumers. We're pleased with the growing momentum in sport lifestyle and performance walking categories, underscored by Vionic's first sport collaboration with wellness advocate Gabby Reece, which we launched in January and supported with a robust marketing campaign. International bestsellers in the quarter closely mirrored those in the U.S., illustrating consistent global demand for the brand's key styles. Brand awareness is growing for Vionic, particularly with younger and more affluent consumers.

Moving on to Famous Footwear. In the quarter, total sales decreased 1.2%, and comp sales increased 0.1%, in line with our expectations. eCommerce outperformed stores, but average unit retails were up in both channels. We continued to see the famous consumer respond strongly during peak shopping periods, with more positive comps during the holiday period, followed by more modest results in January. eCommerce sales accelerated and were up double digits for the third straight quarter. The launch of Jordan earlier in the year contributed steady momentum throughout the holiday season, remaining a top 10 brand and reinforcing Famous' ability to launch leading brands and deliver powerful results.

Famous continues to enhance its consumer experience through the FLAIR format. We ended fourth quarter with 57 FLAIR locations, which generated a 4.5-point sales lift overall and a 6-point sales lift for stores converted in the last year. The success of FLAIR continues to underscore Famous' ability to amplify elevated brands and products. We plan to build on that momentum with additional FLAIR openings in 2026, ending with a range of 65 to 75 locations by year end.

From a divisional perspective, Men's performed best in the quarter, Kid's performed in line with the total, and Women's underperformed slightly; however, fashion boots were a standout category in total. Top growth brands for the quarter were Skechers, Jordan, Birkenstock, Timberland, Sorel, Brooks, and Columbia, while our Caleres brands outperformed at Famous Footwear with sales of mid-teens and saw a higher margin rate on lower inventory.

We continue to make progress on our elevate-and-edit strategy at Famous with outperformance from premium brands. In 2026, we plan to accelerate this strategy by expanding higher demand brands and products while exiting underperforming labels. We're also expanding immersive brand takeovers that have been driving outsized growth at key points across the seasons with multiple takeovers planned for core brands throughout 2026.

In summary, Caleres made progress on our strategic growth objectives in the second half of 2025, including lead brands, international, direct-to-consumer, and enhanced customer experience and edit-and-elevate.

Joining us today on the call is Dan Karpel. Dan returned to Caleres as Chief Accounting Officer in 2025 and has assumed the additional role of Interim CFO. He is well-versed in our company, and I am pleased to welcome him to the call. Dan will walk you through our guidance in detail, but I wanted to provide some color on what we are expecting for the year.

As we look forward, 2026 is shaping up as a build-back year characterized by relatively modest organic sales growth but meaningful earnings recovery. We have several encouraging green shoots leading us to a place of optimism. Our market share continues to build, our international business is up, and our owned eCommerce business is up quarter to date across the Brand Portfolio. Famous Footwear is seeing slightly down comp store sales with eCommerce up high single digits quarter to date. Our tariff mitigation strategies have taken hold, and we successfully completed our Stuart Weitzman systems integration, which sets the

stage for improved profitability in the brand. We also made progress across our Centers of Excellence, which we have shifted internally to calling Centers of Expertise.

We are finding the greatest success by deliberately leveraging Caleres' core capabilities at scale. This includes expanding our international platform, accelerating owned eCommerce, and establishing more disciplined planning and costing capabilities. In addition, now that three of our five lead brands have brick-and-mortar stores, we have launched a specialty retail operations team to elevate performance and the consumer experience. We've also established a Marketing Operations Center of Expertise to enhance our data, analytics, and media buying. These Centers of Expertise are helping us move faster and operate more consistently and efficiently. And international, specialty retail, and eCommerce are where we are seeing some of our earliest improvements with Stuart Weitzman. We see a meaningful opportunity to build on this foundation, not just as it relates to Stuart, but for our whole company as we move through 2026, with more to come.

So, while the market remains volatile, based on what we know today, we are providing guidance with a realistic view of the risks and the opportunities ahead of us, including geopolitical risk and tariff changes. Our sales growth is coming from our proven growth vectors and annualized benefit from our recent acquisition, and our earnings bridge is clear.

With that, I will now hand it over to Dan for a more detailed view of Caleres' financial performance and our outlook for 2026. Dan?

Dan Karpel

Thank you, Jay, and good morning, everyone.

During today's call, I'll provide additional details on fourth quarter results as well as our expectations for 2026. Please note that my comments will be on an adjusted basis, and I will note when they exclude Stuart Weitzman.

For the fourth quarter, sales were \$695.1 million, up 8.7%. Sales on an organic basis, excluding Stuart Weitzman, decreased 0.1%. Organic sales increased in the Brand Portfolio segment and declined at Famous Footwear. Notably, both segments saw an improvement in the trend versus the first half of the year. Sales for Stuart Weitzman were \$56.3 million. Brand Portfolio sales were up 1.5% on an organic basis and up 20.3% including Stuart Weitzman. Lead brands in total, excluding Stuart Weitzman, grew about 2% with growth in both North America and international. Famous sales were down 1.2% with comparable sales up 0.1%. Comparable sales increased slightly in November and December and declined low single digits in January.

Consolidated gross margin was 42.9%, down 10 basis points versus last year, reflecting lower margins in Brand Portfolio and relatively stable margins at Famous Footwear. Stuart Weitzman was modestly accretive to gross margin. Brand Portfolio gross margin, excluding Stuart Weitzman, was down 130 basis points due to tariffs as well as markdown allowances somewhat offset by favorable channel mix. Brand Portfolio gross margin was 41.6%, down 10 basis points to last year, including Stuart Weitzman. Famous gross margin was 42.5%, essentially flat to last year, with greater proportion of clearance sales to total, offset by higher clearance margin.

SG&A expenses increased \$48.3 million, or 18.3%, to \$310 million. The increase was primarily driven by expenses of \$39 million related to Stuart Weitzman. As a percentage of sales, SG&A was 44.6% and deleveraged 370 basis points.

Operating loss in the quarter was \$11.6 million and operating margin was negative 1.7%. Excluding Stuart Weitzman, operating earnings were \$0.5 million and operating margin was 0.1%. Operating margin at Brand Portfolio was 2.4% and was 6.8%, excluding Stuart Weitzman. Operating margin at Famous was 0.8%. Net interest expense was \$4.7 million, up \$0.7 million to last year due to higher average

borrowings. Approximately \$1.4 million was interest expense associated with the acquisition of Stuart Weitzman.

The weighted average borrowing rate in the quarter was down about 25 basis points to last year.

Tax rate was 25.4% for the quarter and 28.9% for the full year.

Fourth quarter earnings per diluted share were a loss of \$0.36 and earnings per diluted share excluding the acquisition of Stuart Weitzman were a loss of \$0.06.

For the full year, sales increased 1.3% in total and declined 2.5% on an organic basis, excluding Stuart Weitzman. The acquisition added \$102.2 million of sales during the year. Brand Portfolio sales increased 7.3% and declined 1% on an organic basis. Famous Footwear sales for the full year declined 3.6%, with comp store sales down 2.3%.

Gross margin for the full year was 43.5%, down 135 basis points. Brand Portfolio gross margin declined 170 basis points to 42%, primarily reflecting a 160 basis point impact from tariffs. Stuart Weitzman added 40 basis points to the Brand Portfolio gross margin for the year. Famous Footwear gross margin declined 90 basis points to 43.2%.

SG&A expenses for the full year increased \$92.5 million, or 7.4% to \$1.2 billion, primarily reflecting \$71 million of Stuart Weitzman expense. As a result, SG&A was 42% and deleveraged 290 basis points. On an organic basis, SG&A expenses were \$1.1 billion.

Operating earnings for the full year were \$43 million, and operating margin was 1.6%. Excluding Stuart Weitzman, operating earnings were \$66.3 million, and operating margin was 2.5%. Brand Portfolio operating margin declined 630 basis points as tariffs, SG&A deleverage, and Stuart Weitzman dilution all contributed similar amounts to the decline. Famous Footwear operating margin declined 250 basis points with both gross margin climbs and SG&A deleverage on lower sales. Adjusted earnings per diluted share were \$0.61 for the full year, and \$1.19 excluding the impact of Stuart Weitzman.

Turning to the balance sheet, we ended the fourth quarter with \$29.8 million in cash, \$296.5 million in borrowings, and \$238 million in liquidity. Inventory at quarter end was \$610.5 million, up \$45 million to last year, of which \$57 million was for Stuart Weitzman. Excluding Stuart Weitzman, organic inventory was down \$12 million with Brand Portfolio inventory down 6% and Famous Footwear up 2%.

Now turning to our outlook. We continue to face an evolving tariff environment. Our guidance is built on the assumption that new tariffs will be enacted that will largely replace the prior IEEPA tariffs. This could prove conservative, but until we have clarity on the level of additional new tariffs, these assumptions appear prudent. We are maintaining a flexible approach to sourcing and will continue to seek the best country matrix for our quality and price needs.

Additionally, the conflict in the Middle East introduces risk to our outlook. As of today, we are experiencing modest business disruption with our Middle East business partners. The region is less than 1% of our total business, though an important part of our longer-term international growth opportunity. We are carefully monitoring the situation and working with our partners to mitigate risk. However, with oil prices on the rise, the risk of economic slowdown has increased. The low end of our guidance anticipates some slowdown related to the economic impact of the current geopolitical conflicts but does not anticipate growing issues.

For the first quarter, we expect consolidated sales to increase mid to high single digits compared to last year. For Famous, sales are expected to be down low single digits to flat, with comparable sales down 2% to up 1%. For Brand Portfolio, sales are expected to be up mid-teens, inclusive of low single-digit organic growth.

Consolidated gross margin to improve 120 to 140 basis points compared to last year. Modest leverage of SG&A compared to last year due to the inclusion of Stuart Weitzman. With discrete items impacting the quarter, we expect a tax rate of 30% to 32%. GAAP earnings per diluted share of \$0.21 to \$0.26, and adjusted earnings per diluted share of \$0.25 to \$0.30, as we expect to incur approximately \$2 million in remaining Stuart Weitzman acquisition and integration costs.

For the full year 2026, we expect:

Consolidated sales up low to mid single digits compared to last year.

Famous Footwear sales down low single digits to flat compared to last year, with comp store sales of down 1% to up 1%.

Brand Portfolio sales up low double digits compared to last year, inclusive of low to mid single-digit organic growth when excluding Stuart Weitzman.

Gross margin up 140 to 100 in basis points compared to last year, driven mostly by the Brand Portfolio as our tariff mitigation strategies improve and with favorable customer and brand mix.

SG&A rate relatively flat compared to last year, with cost-saving measures largely offset by increases in incentive and merit build back and other selective investments.

Interest expense of approximately \$18 million and a full year tax rate of 28% to 30%.

As a result, we expect GAAP earnings per diluted share of \$1.31 to \$1.61 or adjusted earnings per diluted share of \$1.35 to \$1.65 due to the aforementioned Stuart Weitzman acquisition and integration costs.

CapEx of approximately \$55 million to \$60 million that we will continue to evaluate based on macroeconomic conditions and performance.

With that, I'd now like to turn the call back over to the operator for Q&A. Operator?

Operator

Thank you. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Our first question comes from the line of Ashley Owens with KeyBanc Capital Markets. Please proceed with your question.

Ashley Owens

Hi. Thanks, and good morning. Maybe just starting with the quarter, I know there was concern about potential risk to sales volatility in the bottom line and that didn't really play out here. Could you just help us bridge if there was any volatility recognized and what some of the offsets were? And then more importantly, is there any go-forward risk with the ongoing Saks bankruptcy or should we think of that as more one-time in nature?

Liz Dunn

Okay, Ashley, we're having a little bit of a hard time hearing, but your question is, we expected more sales volatility in the quarter and it didn't come through, so talk about some of the puts and takes. Is that right?

Ashley Owens

Yes. Yes, please.

Jay Schmidt

Okay, so first of all, we did provide an estimate mid-January and that did actually play out. We didn't ship Saks for the balance of the month and we were fully reserved on the bad debt. So, however, other areas of our business were strong enough to offset the six cents that we did play out, and I think that was a key reason for it. It just came in better. Our gross margin impact on tariffs was 40 basis points in the Brand Portfolio on the quarter, which was also better than our expectation.

Ashley Owens

Okay, got it. Can you hear me clearly?

Liz Dunn

Yes, we'll try. We'll clarify if we can.

Ashley Owens

Okay. Okay. So, just as a follow-up then, as we think about gross margin and the embedded recovery story here, can you help us parse out what's already in the exit rate for the year versus what still needs to come through from either mix or a tariff mitigation standpoint in 2026? Thanks.

Dan Karpel

Yes. So, on the margin, when we think about guidance in 2026, you'll see relatively flat margins on the Famous business, and as it relates to the Brand Portfolio side, we'll see recovery around the tariff side of the business. Also, with mix, we think about Stuart Weitzman is incremental margin accretion, because of the margin levels that they play, as well as other mix in our lead brands driving that up.

Ashley Owens

Got it. That's super helpful. Thank you.

Jay Schmidt

Thanks, Ashley.

Operator

Thank you. Our next question comes from the line of Dana Telsey with Telsey Advisory Group. Please proceed with your question.

Dana Telsey

Hi. Good morning, everyone. I like the term build-back year for 2026, and as you think about the build-back year for 2026, on the Brand Portfolio side, how are you thinking about wholesale? With Saks, the six-cent impact, I think you may have expected are up to six cents for the year. How are you planning that this year? Are you shipping them or not shipping them?

And with the market share gains that you saw in shoe chains at Famous Footwear in the fourth quarter, key drivers of that, new brands being added, how do you think about the addition of new brands and categories that you're adding in them?

And then just lastly, the shaping or cadence of the year, anything on margin profile, whether it's lapping of tariffs, that we should expect to see, and does the rising energy prices—how is that an impact? Thank you.

Jay Schmidt

Dana, I'll start, and then we'll fill in along the way. So, first of all, we are seeing our—key points of our business on the Brand Portfolio continue to point toward support our guidance. We've said our order book is in line with that guidance right now. Our owned eCommerce trend line right now looks very good for the Brand Portfolio, and we're seeing international up on it as well. So, that's been quite good. And we're seeing those key drivers coming through with our lead brand, so we continue to see that come through. But otherwise, we feel pretty good all the way around.

With Stuart, as you've noticed, we feel like all of the work that was done in the back half of '26 leads us to a place where they can start to build back their business, and that really goes straight across all of their channels and geography and everywhere. So, while we're not guiding specifically by brand, we will see good, I think, momentum coming through there, which is great.

And then, finally, on the Saks piece right now, we don't have anything new to report on that, but we're prepared to go forward at this moment with the wholesale book that we have and then actually that does support at least our guide for the quarter. So, we'll tell you more when we have more to say. But otherwise, it looks pretty good.

And then you also mentioned about Famous Footwear, what drove that market share gain back, and that was—as you had suggested, the lead brands coming through in Famous Footwear was actually the big driver for that. And as we had said earlier, Famous had a nice lift in holiday, really going after that more gift-giving piece, and we felt very good about it. And it's all the brands that I did mention. We had good momentum from Skechers, Birkenstock, Sorel, Timberland, and others. Obviously, the big Jordan piece proved very powerful during holiday, so that was obviously a big win for us, too.

So, again, it just supports, I think, our guidance going forward and the momentum we're seeing.

Dan Karpel

And, Dana, you had asked a little bit about the spread of margin during the quarter. Just to reinforce the guidance, we said consolidated in the first quarter was going to go up 120 to 140, and then for the full year, 140 to 180. And so, you'll see results kind of throughout each of those quarters as we look at the year.

Liz Dunn

And then, Dana, one more thing. On market share, you mentioned new brands on the Brand Portfolio side. While Stuart Weitzman did add to our market share, we gained market share in women's fashion footwear on an organic basis as well.

Dana Telsey

Thank you.

Jay Schmidt

Thank you.

Operator

Thank you. Our next question comes from the line of Mitch Kummetz with Seaport Research. Please proceed with your question.

Mitch Kummetz

Yes, thanks for taking my questions. Jay, in your prepared remarks, you talked a little bit about quarter-to-date performance, BP, eComm, and also at Famous. And I was wondering if there's any way to kind of parse out the impacts that you might be seeing from kind of tax refunds versus more recently higher gas prices, and maybe just the overall impact from the war in Iran. And I do have a couple of follow-ups.

Jay Schmidt

Yes, so just to characterize right now, we did see on our Brand Portfolio strong owned eComm performance coming through, which supports our guide. The good news is that they're from all the key brands. We've seen it now on all four of our lead brands, Sam Edelman, Allen Edmonds, Naturalizer, and Vionic. We're also starting to see a nice turnaround at Stuart Weitzman on their eCommerce business where that was not something that we saw in the back half of this year. So, it looks like a lot of the team's work there coming through is working.

As it goes over to the Famous side, it's kind of a little different story. We had a good February, I would say, and that was through some good performance on some of the big brands there that continued. Sketchers being one of them where we did have a brand takeover there and that worked very well. We also did sell through on some clearance there too, which did support the business there.

So, we walk into March. It's a little bit of a mixed story here right now, and we're monitoring it day by day, week by week. In addition to the geopolitical situation, we did have some weather impact, and we do have an Easter shift timing. So, right now, as I said, what we're looking at supports our current guide and we'll report more when we know it, but we are managing it week to week.

Mitch Kummetz

And then between Famous and Brand Portfolio, can you talk a little bit about what you're seeing from a category performance quarter to date? And I'm also specifically curious kind of what you're seeing in terms of sandals as we're entering the spring, summer season, and any kind of sandal drivers there as you kind of see that playing out over the balance of the season. And I have one last question.

Jay Schmidt

Yes. So, on the famous side, I mean, we continue to see a very strong Birkenstock business, and you know it well. So, I mean, it's clogs and sandals. That's where we are, and we're seeing strength on both of them from that. And that continues every single week. We're also seeing some good selling on sandals from Crocs, which I think is very good and does—I think we'll overall support that business trend as we look forward.

On the BP, we are seeing some good sandal business, particularly in the thong category coming through on a kitten heels, and that's been a key winner. But we're seeing it a little bit more on the fashion side. And even in Vionic, we're seeing a very nice sandals strength as of very recently with now that all the inventory is here with both casual thongs, and then we're also seeing casual footbeds work well in that business.

So, I think it's it certainly wasn't supported by weather, Mitch, so we really think it's driven by newness right now. But that does at least give us optimism as we look forward.

Mitch Kummetz

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And then my last question, just on Stuart Weitzman, you talked about being break even for the year. Can you talk a little bit about how you see that playing out by quarter, especially in the first quarter and what's kind of embedded in the guidance in terms of in terms of Stuart.

Liz Dunn

Yeah, I'll start, and then Dan can cut in.

We have completed most of the cost savings work. So, getting it onto our systems was a big piece of that, moving the headquarters, getting off of the TSA, getting it into our distribution center. As we think about the Stuart Weitzman SG&A piece of the puzzle, we've got some big buckets, I would say. Distribution and logistics being one. Facilities being one. We did complete in January a restructuring, so that was a big piece of it. And so, those are the big pieces of the puzzle.

And then, moving to the gross margin side of things, we moved through a significant amount of aged inventory. We talked about that last quarter. It was \$25 million in inventory. I think you could see it on the balance sheet. That's where we are, so that positions us a lot stronger place. But if you think about Stuart Weitzman's business, it is a seasonal business. And so, there'll be some movement there. But in total, we feel very confident that that we've positioned the business to return to break even. And longer term, as we've said, we don't think that there's anything we see with the business that wouldn't suggest it can operate at the profit margins. We're quite comfortable earning for the rest of our Brand Portfolio.

I don't know, Dan, if you would have anything to add there.

Dan Karpel

No, I think to your point, if you look at our Q3 and Q4, we lay out in kind of the with and without the clarity there. And so, you could see the impact of Stuart Weitzman on that business. And to Liz's point, a lot of these significant changes have been made were on our systems now and structurally we're there. So, certainly not seeing those types of results that we saw in Q3 and Q4, and as we walk back to kind of break even here in the full year '26.

Mitch Kummetz

All right. Thank you.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Schmidt for any final comments.

Jay Schmidt

Okay. Thank you for your continued interest in Caleres.

Before we close, I'd like to recognize the dedication of our teams across the Company and across the globe who've shown tremendous determination and resilience this year. We are encouraged by the early momentum building in our business through all of our strategic initiatives, and we look forward to an improved, more profitable 2026.

Thank you.

Operator

Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.