

CALERES

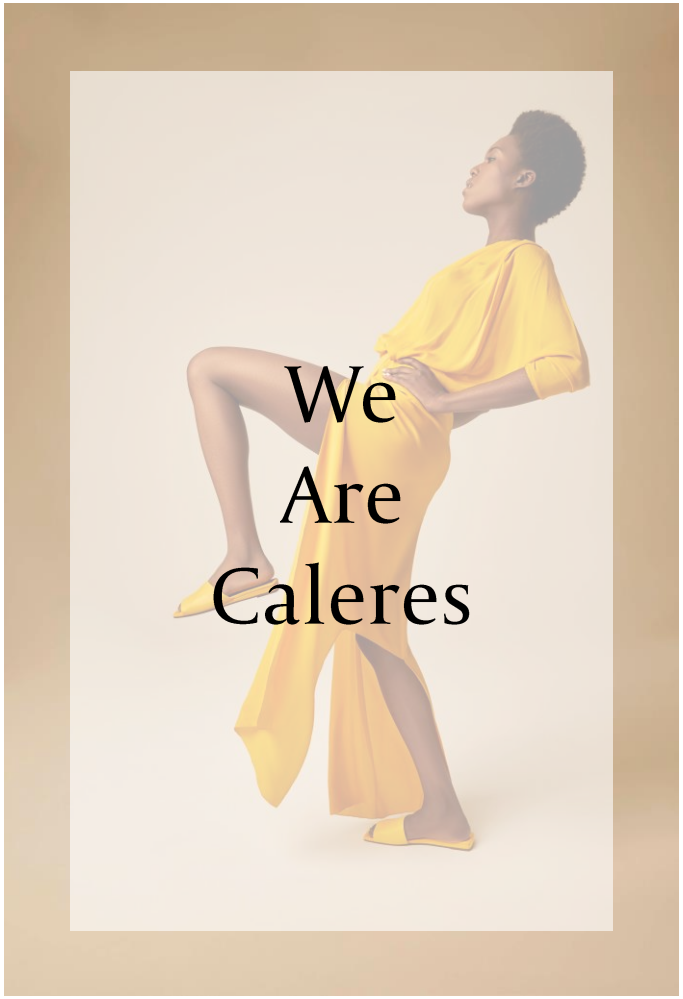
Fourth Quarter 2020 earnings

3.16.2021

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) the coronavirus outbreak and its adverse impact on our business operations, store traffic and financial condition (ii) changing consumer demands, which may be influenced by consumers' disposable income, which in turn can be influenced by general economic conditions and other factors; (iii) impairment charges resulting from a long-term decline in our stock price; (iv) rapidly changing fashion trends and consumer preferences and purchasing patterns; (v) intense competition within the footwear industry; (vi) 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; (vii) imposition of tariffs; (viii) the ability to accurately forecast sales and manage inventory levels; (ix) cybersecurity threats or other major disruption to the company's information technology systems; (x) customer concentration and increased consolidation in the retail industry; (xi) transitional challenges with acquisitions; (xii) a disruption in the company's distribution centers; (xiii) foreign currency fluctuations; (xiv) changes to tax laws, policies and treaties; (xv) the ability to recruit and retain senior management and other key associates; (xvi) compliance with applicable laws and standards with respect to labor, trade and product safety issues; (xvii) the ability to maintain relationships with current suppliers; (xviii) the ability to attract, retain, and maintain good relationships with licensors and protect our intellectual property rights; and (xix) the ability to secure/exit leases on favorable terms. 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 February 1, 2020, 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.



Strong business model with a unique set of advantages:

Powerful portfolio of diverse lifestyle brands – rooted in casual, athletic and sport-inspired styles

A comprehensive set of distribution channels with a large and growing percentage being direct-to-consumer

A robust understanding of the consumer, their evolving mindset, changing preferences and dynamic behaviors

Carefully cultivated and actively managed diversified portfolio…well aligned with consumer trends

Well-capitalized digital platform, robust logistics and supply chain and strong consumer insights

Experienced, dedicated management team with an intense focus on executing its long-term strategic objectives, driving profitable growth and creating shareholder value

Fiscal-Year 2020 Accomplishments



$2.1
billion
in total revenue

+40%
growth in direct
ecommerce sales

~$126
million
in cash generated from
operating activities

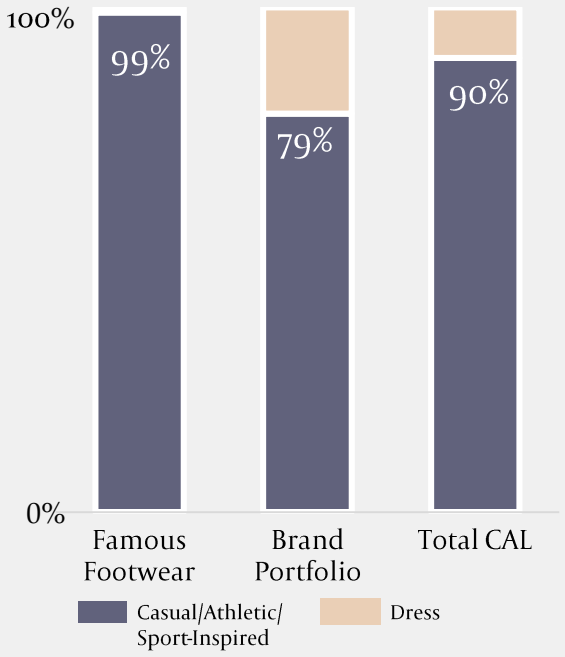
~$190
million
of debt reduction since end of
1Q20

~21%
decline in
inventory

~$34
million
returned to shareholders via
dividends and share repurchases

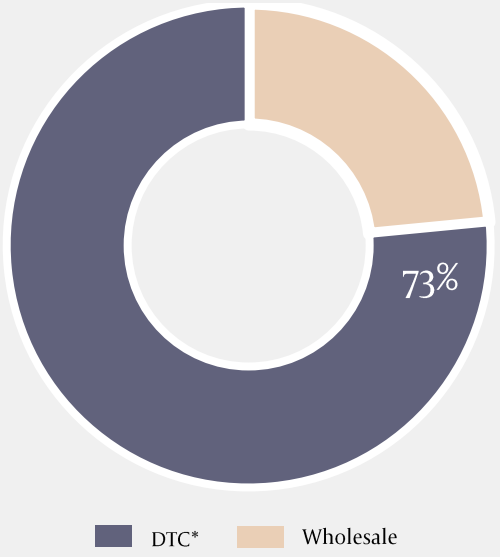
Caleres in brief – fiscal year 2020

90%
Casual, Athletic and Sport Sales
TTM, % of total sales



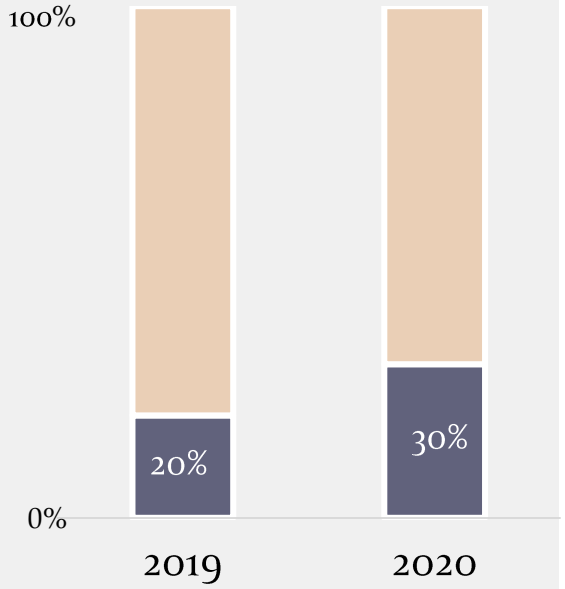
Casual, athletic and sport-inspired styles represented 90% of total CAL sales during fiscal 2020

~73%
Direct-to-Consumer
TTM, % of total sales



Caleres has a strong and growing DTC business a majority of which is owned by Caleres,

30%
Ecommerce Penetration
TTM, % of total net sales



Previous investments in our ecommerce platform and capabilities supported ecommerce growth and increased ecommerce penetration

**DTC sales included: Brick-and-mortar retail and owned websites*



Famous Footwear 4Q20

Net sales of $346.7 million, down 6 percent versus 4Q19

- Comparable store sales were down 1.8%
- Ecommerce sales up 50% year-over-year
- Ecommerce penetration rising to nearly 22%

Strong operating earnings of $14.8 million, representing an approximately 43 percent increase over last year on an adjusted basis

Lower sequential year-over-year sales decline – underscoring ongoing momentum

Famously You Rewards earns national recognition, from Newsweek, for leading rewards program



Brand Portfolio 4Q20

Sales of $234 million, down ~32 percent year-over-year

Recorded positive adjusted operating earnings of $1.2 million

Improvements in wellness, comfort and sport brands offset by significant declines in Allen Edmonds and Naturalizer brands

Ecommerce penetration increased to 40% of sales

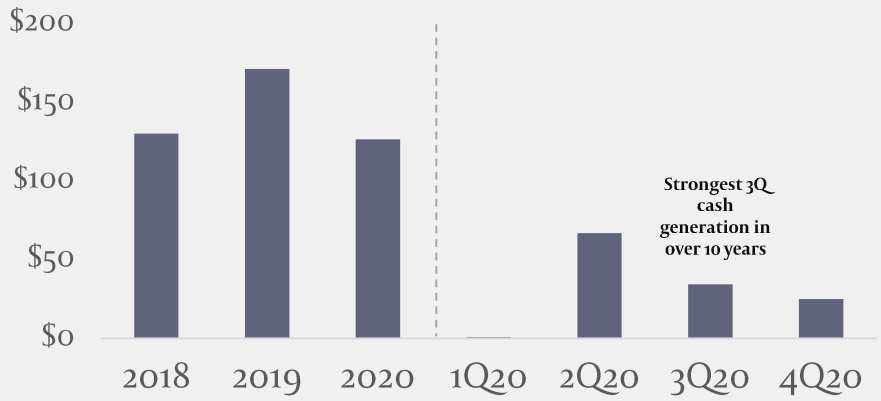
Inventory levels down 29 percent at end of fourth quarter

Naturalizer retail exit well underway and expected to be complete by end of 1Q21

Caleres Cash Generation and Debt Repayment

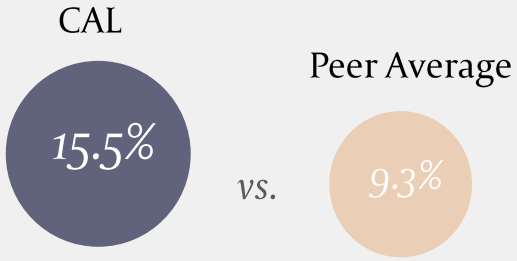
Historical Operating Cash Flow

in millions of dollars



Free Cash Flow Yield

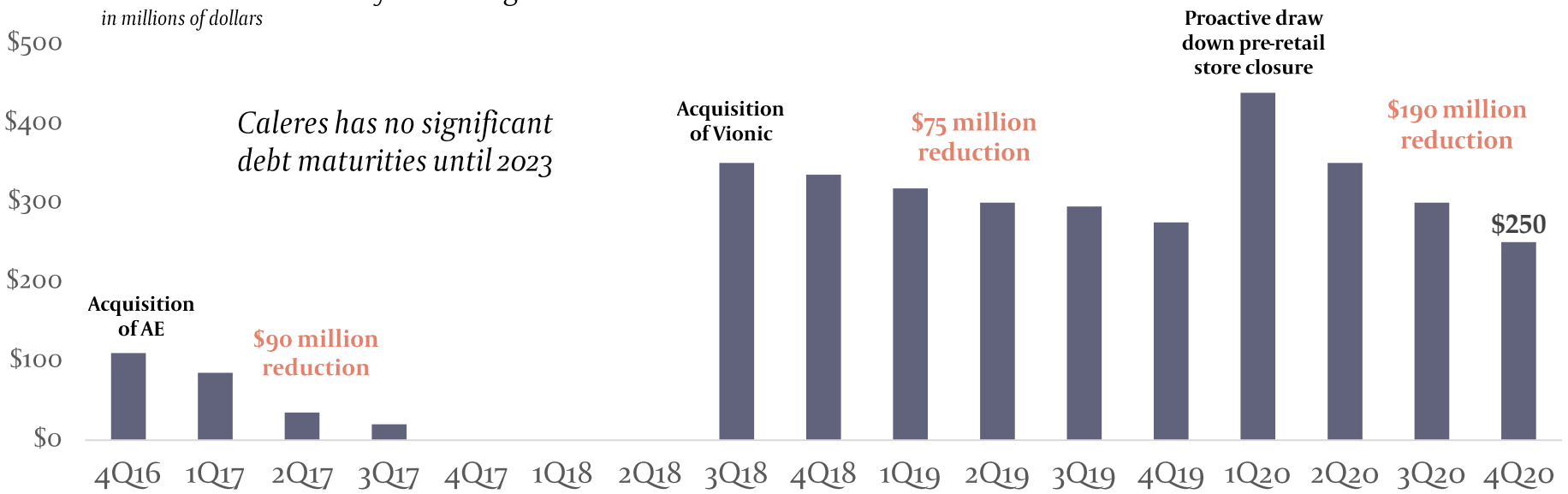
TTM as of 4Q20



FCF Yield is on a trailing 12 month basis and peer average includes: CROX, DBI, DECK,FL,GCO,NKE,SCVL,SHOO, SKX and WWW

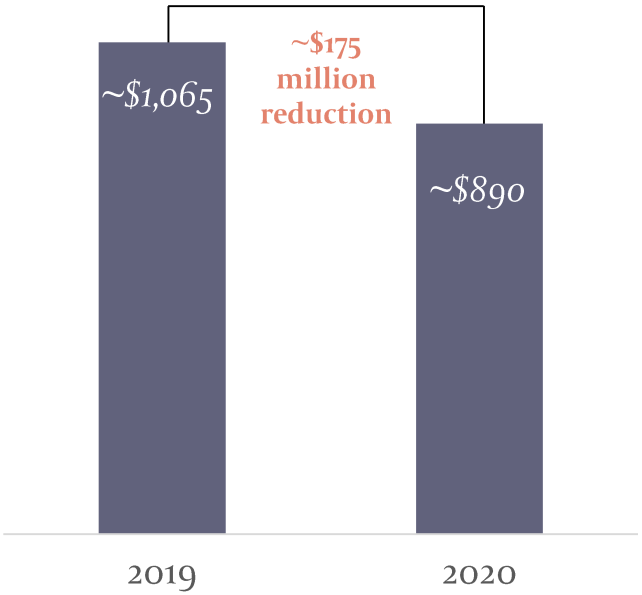
Historical Credit Facility Borrowings

in millions of dollars



SG&A Expense

in millions of $



During 2020, Caleres took a number of proactive measures to shore up its financial position and protect its business through the economic shutdown

In the short term, the company limited its cash outflows by working with partners to reduce inventory receipts, extend payment terms and scaled back all non-essential operating expenses

At the same time, Caleres boosted its liquidity position by exercising a portion of the accordion feature on its revolving credit facility thus increasing the borrowing capacity under this facility

Further, Caleres reduced its planned capital expenditures to $22 million in 2020, well below its historical base level spend

As a result of these actions, Caleres has a strong cash and liquidity profile, which provides the necessary financial flexibility

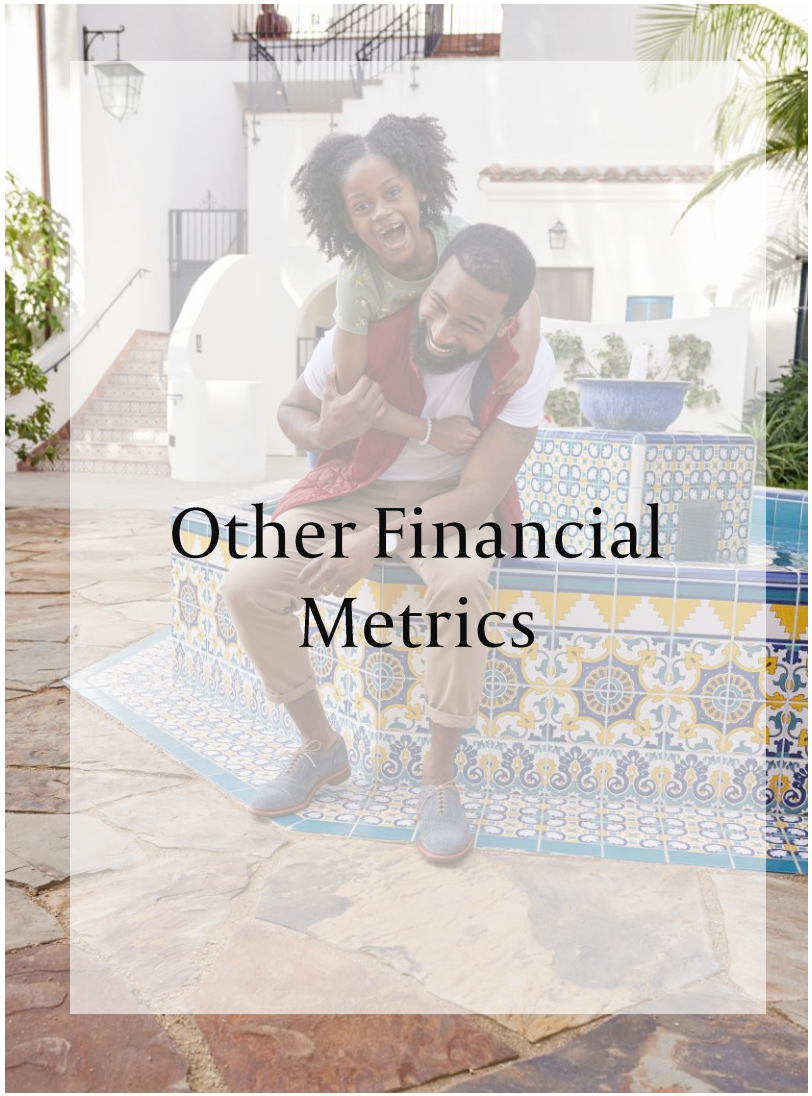


First Quarter 2021 Outlook

Given ongoing disruption related to the virus, supply chain dislocations and associated near term uncertainty in the marketplace, Caleres is not providing fiscal year 2021 guidance

1Q21 assumptions:

- First quarter will likely be lowest sales quarter of the year;
- Total CAL sales and earnings dollars similar to 4Q20
- Famous Footwear expected to be between 5% and 10% lower than **1Q19**
- Brand Portfolio expected to be between 28% and 32% lower than **1Q19**
- Currently $60 to $70 million in delayed receipts
- Barring further delays in the supply chain, CAL should generate positive adjusted earnings per share



Other Financial Metrics

US$M except per share	4Q'20	4Q'19	YOY Chg
Gross profit	$227.9	$280.4	(18.7%)
Margin	39.9%	40.1%	(20 bps)
SG&A	$226.1	$260.8	(13.3%)
Percent of sales	39.6%	37.3%	228 bps
Op earnings	($55.4)	$5.7	(1,076.9%)
Margin	(9.7%)	0.8%	(1,051 bps)
Adj. op earnings	$1.9	$19.6	(90.4%)
Margin	0.3%	2.8%	(248 bps)
Net earnings	($77.0)	$0.4	NM
Per share, diluted	($2.11)	$0.01	NM
Adj. net earnings	$1.3	$13.9	(90.9%)
Per share, diluted	$0.03	$0.34	(91.2%)
Diluted shares	36.6	39.3	(6.9%)



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Fourth Quarter 2020 earnings

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Reconciliation of Non-GAAP net earnings

Fourth Quarter 2020

	Pretax Earnings	Net Earnings/(loss)	EPS
Adjusted Results		$1,271	$0.03
Charges and Other Items			
COVID-19 related impairments and other expenses	(15,245)	(37,486)	(1.03)
Intangible asset impairment charges	(23,805)	(17,854)	(0.49)
Brand Portfolio- business exits	(14,774)	(13,680)	(0.37)
Fair value adjustment to Blowfish purchase obligation	(8,989)	(6,675)	(0.18)
Vionic integration-related costs	(3,436)	(2,552)	(0.07)
GAAP Results		($76,976)	($2.11)

Reconciliation of Non-GAAP net earnings

Fiscal Year 2020

	Pretax Earnings	Net Earnings/(loss)	EPS
Adjusted Results		($52,029)	($1.40)
Charges and Other Items			
Goodwill and intangible asset impairment charges	(286,524))	(236,360))	(6.35)
COVID-19 related impairments and other expenses	(114,285))	(115,533)	(3.10)
Fair value adjustment to Blowfish purchase obligation	(23,935)	(17,773)	(0.48)
Brand Portfolio- business exits	(16,372)	(14,867))	(0.40)
Vionic integration-related costs	(3,436)	(2,552)	(0.07)
GAAP Results		($439,114)	($11.80)