



CALERES

EST + 1878

Second Quarter 2023

August 31, 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) 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.

Caleres is uniquely positioned to deliver shareholder value

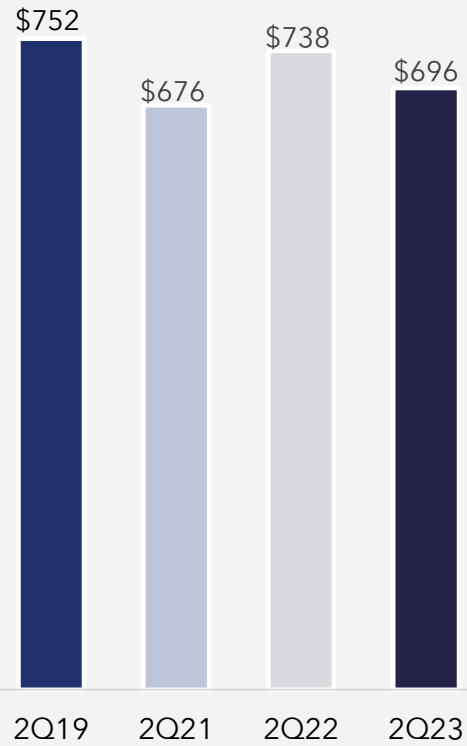


- Delivered second quarter adjusted earnings per share in excess of the high end of guidance, despite a challenging consumer environment
- Reiterates full year sales and adjusted earnings per share outlook
- Powerful portfolio of diversified brands positioned to gain market share
- Well-managed and improved inventory position
- Superior capabilities: design, marketing, digital, retail, sourcing and logistics
- Paid down \$47 million in debt, achieved leverage target and returned \$20 million to shareholders through dividends and buybacks
- Structural changes have resulted in a higher annual baseline level of earnings in excess of \$4.00 per share

Caleres in Brief – Second Quarter 2023

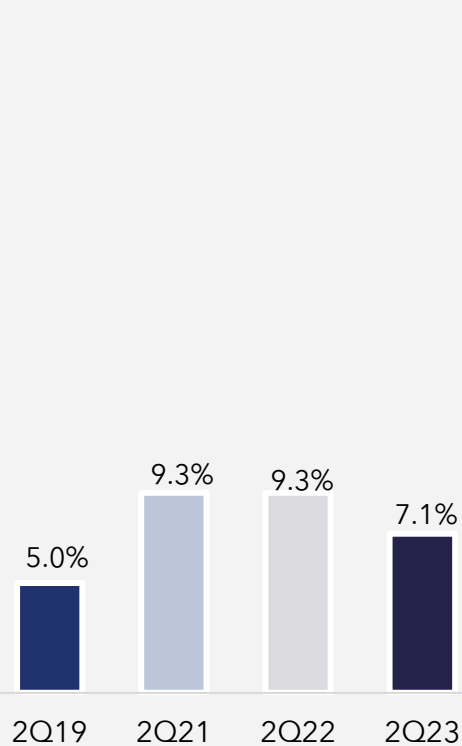
SALES

in millions of \$

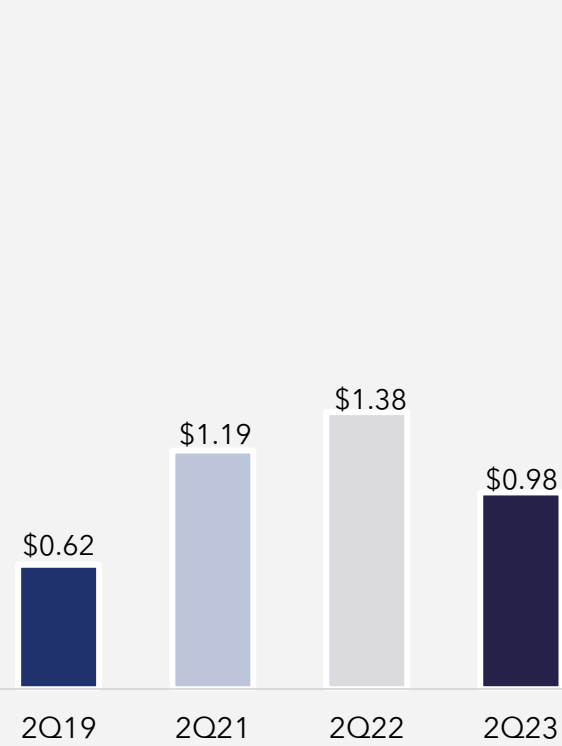


OPERATING MARGIN

% of net sales

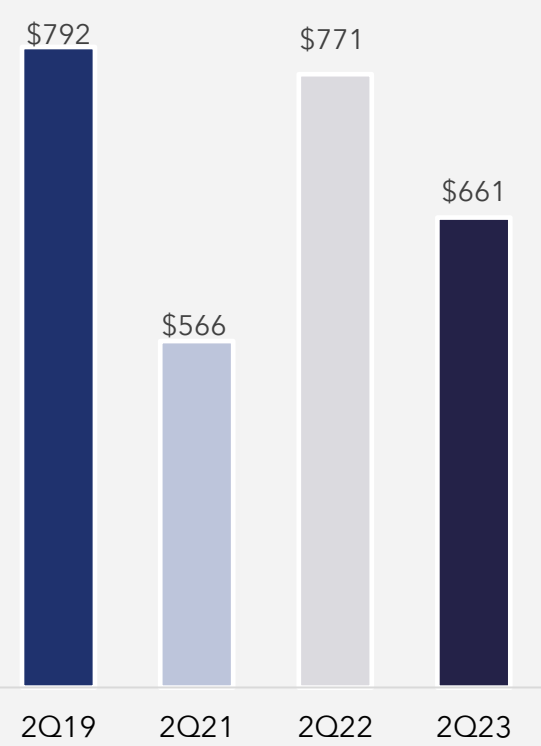


ADJUSTED EARNINGS PER SHARE



INVENTORY

in millions of \$



Second Quarter 2023 Accomplishments

GROSS MARGIN

45.2%

includes record second quarter gross margin at Brand Portfolio

ADJUSTED EBITDA

\$65.3

million, or 9.4% of net sales

ADJUSTED EPS

\$0.98

in excess of the high end of the guidance range

DEBT REDUCTION

\$47.5

million decline in borrowings under the revolving credit facility vs. 1Q23, achieving our leverage target

INVENTORY

-14.3%

vs. 2Q22

CASH FLOW

\$87.7

generated from operations

Reiterates 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
- Revises full year capital expenditures to \$50 million to \$60 million

Third Quarter 2023 Outlook



- Consolidated net sales down low single-digits, compared to third quarter 2022
- Diluted earnings per share of \$1.25 to \$1.30
- Adjusted diluted earnings per share of \$1.30 to \$1.35

Brand Portfolio 2Q Accomplishments



~\$27 MILLION

Second Quarter
Operating Earnings

Captured market
share in Lead Brands
- Sam Edelman, Allen
Edmonds, Naturalizer
and Vionic

41 PERCENT

Record Second
Quarter
Gross Margin

8 PERCENT

Increase in the
segment's ecommerce
business, with strong
performance from Allen
Edmonds and Vionic



Famous Footwear 2Q Accomplishments

Sequential improvement in quarterly sales and strengthening monthly sales trends

~10 Percent
Return on Sales

+5 Percent

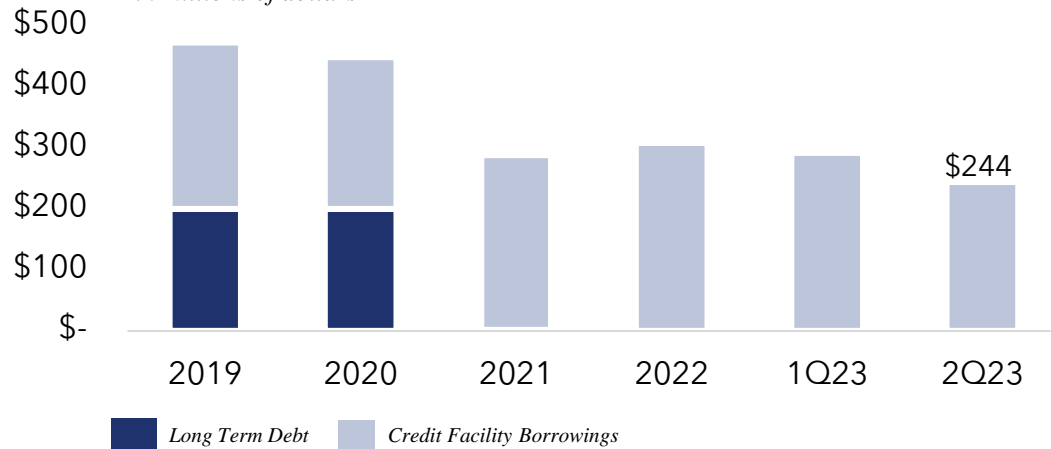
Growth in year-over-year Kids business

Gained market share in the shoe chain channel

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

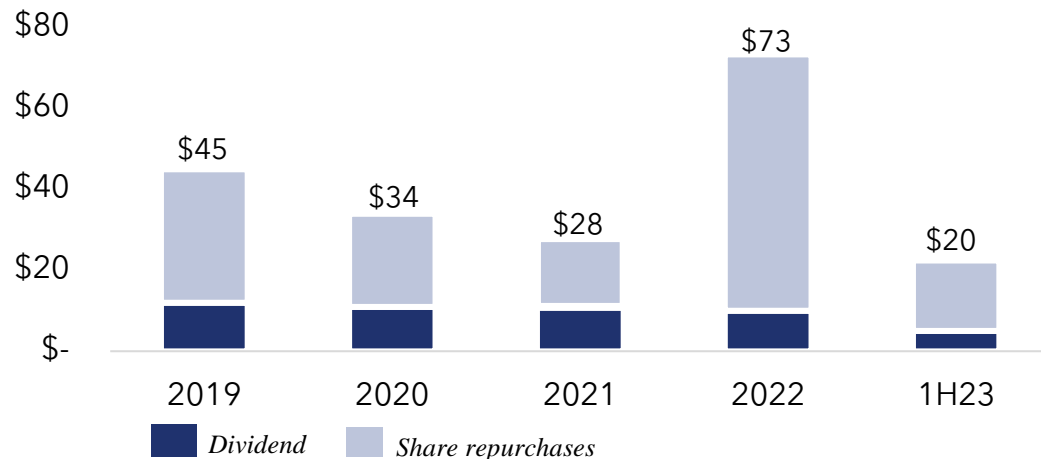
CALERES DEBT PROFILE

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 reached its target leverage ratio of 1.0x on a Debt/EBITDA basis during the second quarter.

In this environment, the company believes the best use of free cash flow, after maintaining the dividend, is to continue to reduce its borrowings. This will allow CAL to reduce interest expense and maximize liquidity.

CAL views buybacks as an effective means of returning capital to shareholders and future repurchases will be based on market conditions. As of July 29, 2023, 5.6 million shares remain under the current authorization.

Caleres Capabilities

**DESIGN &
INNOVATION**

EDIT TO WIN

DIGITAL

ANALYTICS

MARKETING

**SOURCING &
LOGISTICS**

CALERES

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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					
	July 29, 2023			July 30, 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		\$ 33,943	\$ 0.95		\$ 51,178	\$ 1.38
Charges/other items:						
Expense reduction initiatives	\$ 1,647	1,224	0.03	\$ —	—	—
Total charges/other items	\$ 1,647	\$ 1,224	\$ 0.03	\$ —	\$ —	\$ —
Adjusted earnings		\$ 35,167	\$ 0.98		\$ 51,178	\$ 1.38

	(Unaudited)					
	Twenty-Six Weeks Ended					
	July 29, 2023			July 30, 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		\$ 68,670	\$ 1.91		\$ 101,687	\$ 2.70
Charges/other items:						
Expense reduction initiatives	\$ 1,647	1,224	0.04	\$ —	—	—
Total charges/other items	\$ 1,647	\$ 1,224	\$ 0.04	\$ —	\$ —	\$ —
Adjusted earnings		\$ 69,894	\$ 1.95		\$ 101,687	\$ 2.70

	(Unaudited)			
	Trailing Twelve Months Ended			
	July 29, 2023		July 30, 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		\$ 148,725		\$ 195,163
Charges/other items:				
Organizational changes	\$ 2,910	2,723	\$ —	—
Expense reduction initiatives	1,647	1,224	—	—
Deferred tax valuation allowance adjustments	—	(17,374)	—	746
Fair value adjustment to Blowfish purchase obligation	—	—	1,918	1,424
Loss on early extinguishment of debt	—	—	1,011	750
Total charges/other items	\$ 4,557	\$ (13,427)	\$ 2,929	\$ 2,920
Adjusted earnings		\$ 135,298		\$ 198,083

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	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
(\$ thousands)								
Net sales	\$ 414,238	\$ 436,375	\$ 300,873	\$ 324,060	\$ (19,578)	\$ (22,105)	\$ 695,533	\$ 738,330
Gross profit	191,479	213,605	124,124	124,142	(1,430)	(932)	314,173	336,815
Gross margin	46.2 %	48.9 %	41.3 %	38.3 %	7.3 %	4.2 %	45.2 %	45.6 %
Operating earnings (loss)	40,630	62,496	26,828	29,410	(17,755)	(23,486)	49,703	68,420
Adjusted operating earnings (loss)	40,830	62,496	27,709	29,410	(17,189)	(23,486)	51,350	68,420
Operating margin	9.8 %	14.3 %	8.9 %	9.1 %	n/m %	n/m %	7.1 %	9.3 %
Adjusted operating earnings %	9.9 %	14.3 %	9.2 %	9.1 %	n/m %	n/m %	7.4 %	9.3 %
Comparable sales % (on a 13-week basis)	(4.3)%	(3.1)%	3.9 %	23.5 %	— %	— %	— %	— %
Number of stores	861	881	94	85	—	—	955	966

n/m – Not meaningful

RECONCILIATION OF ADJUSTED RESULTS (NON-GAAP)

	(Unaudited)							
	Thirteen Weeks Ended							
	Famous Footwear		Brand Portfolio		Eliminations and Other		Consolidated	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
(\$ thousands)								
Operating earnings (loss)	\$ 40,630	\$ 62,496	\$ 26,828	\$ 29,410	\$ (17,755)	\$ (23,486)	\$ 49,703	\$ 68,420
Charges/Other Items:								
Expense reduction initiatives	200	—	881	—	566	—	1,647	—
Total charges/other items	200	—	881	—	566	—	1,647	—
Adjusted operating earnings (loss)	\$ 40,830	\$ 62,496	\$ 27,709	\$ 29,410	\$ (17,189)	\$ (23,486)	\$ 51,350	\$ 68,420

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	
	July 29, 2023	July 30, 2022
EBITDA:		
Net earnings attributable to Caleres, Inc.	\$ 33,943	\$ 51,178
Income tax provision	11,826	17,500
Interest expense, net	5,128	2,584
Depreciation and amortization ⁽¹⁾	12,734	11,997
EBITDA	\$ 63,631	\$ 83,259
EBITDA margin	9.1 %	11.3 %
Adjusted EBITDA:		
Adjusted net earnings attributable to Caleres, Inc. ⁽²⁾	\$ 35,167	\$ 51,178
Income tax provision ⁽³⁾	12,249	17,500
Interest expense, net	5,128	2,584
Depreciation and amortization ⁽¹⁾	12,734	11,997
Adjusted EBITDA	\$ 65,278	\$ 83,259
Adjusted EBITDA margin	9.4 %	11.3 %

(\$ thousands)	(Unaudited)	
	Trailing Twelve Months Ended	
	July 29, 2023	July 30, 2022
EBITDA:		
Net earnings attributable to Caleres, Inc.	\$ 148,725	\$ 195,163
Income tax provision	20,996	65,834
Interest expense, net	20,132	12,079
Loss on early extinguishment of debt	—	1,011
Depreciation and amortization ⁽¹⁾	50,105	50,065
EBITDA	\$ 239,958	\$ 324,152
EBITDA margin	8.4 %	11.0 %
Adjusted EBITDA:		
Adjusted net earnings attributable to Caleres, Inc. ⁽²⁾	\$ 135,298	\$ 198,083
Income tax provision ⁽³⁾	38,980	65,843
Interest expense, net ⁽⁴⁾	20,132	10,161
Depreciation and amortization ⁽¹⁾	50,105	50,065
Adjusted EBITDA	\$ 244,515	\$ 324,152
Adjusted EBITDA margin	8.6 %	11.0 %

(\$ thousands)	(Unaudited)	
	July 29, 2023	
	July 29, 2023	July 30, 2022
Debt/EBITDA leverage ratio:		
Borrowings under revolving credit agreement	\$ 244,000	\$ 348,500
EBITDA (trailing twelve months)	239,958	324,152
Debt/EBITDA	1.0	1.1

(1) Includes depreciation and amortization of capitalized software and intangible assets.

(2) Refer to Schedule 4 for the consolidated reconciliation of net earnings attributable to Caleres, Inc. to adjusted net earnings attributable to Caleres, Inc.

(3) Excludes the income tax impacts of the adjustments on Schedule 4.

(4) Excludes the fair value adjustment to the Blowfish purchase obligation, as reflected on Schedule 4.

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) – THIRD QUARTER AND FISCAL 2023 GUIDANCE

	(Unaudited)			
	Third Quarter 2023 Guidance		Fiscal 2023 Guidance	
	Low	High	Low	High
GAAP diluted earnings per share	\$ 1.25	\$ 1.30	\$ 4.02	\$ 4.22
Charges/other items:				
Expense reduction initiatives	0.05	0.05	0.08	0.08
Adjusted diluted earnings per share	<u>\$ 1.30</u>	<u>\$ 1.35</u>	<u>\$ 4.10</u>	<u>\$ 4.30</u>